FBIS DAILY REPORT

CONTENTS

Latin America

8 Jun 87 FBIS-LAT-87-109 i

CARIBBEAN

CUBA

U.S. Congress Pressing Abrams for Resignation A 1
Israel Aiding U.S. in Weapons Supply to Region A 1
Malmierca Arrives in Iraq on Official Visit A 3
[cross reference]
Malmierca Meets With Iraq's President Husayn A 3
Commentary on Nicaraguan-Honduran Border Incident A 3
USSR Denies Cut in Oil to Nicaragua A 4
Salvadorans Demand Regime Resolve Labor Conflicts A 4
Posada Carriles Presence in El Salvador 'Confirmed' A 4
Nicaragua's Borge Cited on COPPPAL Discussions A 5
Barbadian Leader's Death Loss for Caribbean A 5
Economic Problems in Dominican Republic Viewed A 6
Colombian Group Says Galvin Statements 'Meddling' A 8
Venezuelan Justice Scored on 'Barbados Crime' A 8

OTHER COUNTRIES

BARBADOS

International Leaders To Attend Barrow's Funeral B 1
Cuban Delegation To Attend B 2

GRENADA

Former Attorney General Files Libel Suit B 2

CENTRAL AMERICA

COSTA RICA

Ministry Wants Names of Officials From U.S. [AFP] E 1
President Arias Returns From European Trip [AFP] E 1
Announces Philip Habib Visit E 2
28 Nicaraguan Contras Arrested, To Be Deported E 2

EL SALVADOR

President Duarte's 3d Anniversary Speech F 1
UNTS Leader Announces Intensification of Actions F 12
FMLN on Honduran Incursions, 'Aggressions' F 13
[Venceremos]

Blandon Terms 'Massacre' Reports as 'Propaganda' F 14
[LA PRENSA GRAFICA 5 Jun]
Views Demonstrations, Irangate [EL MUNDO 3 Jun] F 15
Two Explosions in Capital; No Casualties Reported F 15

HONDURAS

Contra Leaders Resolve 'Minor Problems' H 1
Expulsion Denied by Government H 2
[Buenos Aires REUTER]
'Official' Report on Contra-Army Clash H 2

NICARAGUA

Hungarian Daily Interviews President Ortega I 1
[Budapest NEPSZABADSAG 28 May]
PPSC Leader Proposes Government-Opposition Talks I 3
Marxist-Leninist Leader on Party's Role in Area I 4
EPS Thwarts Contra Energy Tower Sabotage I 5

PANAMA

Interview With Retired Col Diaz Herrera J 1
[LA PRENSA 7 Jun]
PRD President on Retirement J 3
Politicians View Retirement J 3
Briefs: Alleged Drug Traffickers Die J 4

SOUTH AMERICA

ARGENTINA

Passage, 'Text' of Due Obedience Law Reported K 1
Two Nuclear Plants Halt Production for 'Security' [AFP] K 2
SEGBA President Comments K 3
Briefs: Currency Devaluation; Energy Production K 3
Declines; Hi-Tech Investments; Trade Balance
With Japan

BOLIVIA

U.S. Forces Launch Antinarcotics Campaign L 1
Foreign Ministry Request for Sea Outlet L 1
MNR Leader Says Paz' Health 'Perfectly Good' L 3

BRAZIL

Finance Minister Seeks Delay in IMF Report M 1
[O ESTADO DE SAO PAULO 5 Jun]
Views 'Crisis' M 1
Briefs: Cocaine Seized M 1

CHILE

State of Emergency 'Renewed' for 90 Days N 1

Bolivia Offers Power, Gas, Water for Sea Outlet N 1
Foreign Ministry Reports Offer N 2
Bomb Explodes; 21 Arrested in Demonstration [EFE] N 2
Briefs: Trade Figures Reported N 2

COLOMBIA

Government 'Will Not Negotiate' With ELN O 1
[EL TIEMPO 3 Jun]
Briefs: Marijuana Confiscated; Crime Rate Increases O 2

PERU

'Unofficial Sources' Predict Cabinet Reshuffle [EFE] R 1
Justice Minister Comments R 1
Alva 'To Continue' in Post R 2
Reaction to World Bank Credit Suspension Reported R 2
Bank Chief Views Issue R 2
Senate President Comments R 2
Further Report [EFE] R 3
3 Top Police Chiefs Resign, Others Removed [EFE] R 4
New Chiefs Appointed [EFE] R 4
Restaurant Bombed; Official Reportedly Present [EFE] R 5
Police Recover City Held by Shining Path Rebels [AFP] R 6
Terrorists Kill Two Republican Guard Members R 6
Briefs: Egyptian, Polish Ambassadors Accredited; R 6
Spanish Bank Grants Loan

U.S. CONGRESS PRESSING ABRAMS FOR RESIGNATION

PA052307 Havana International Service in Spanish 2300 GMT 4 Jun 87

[Station commentary]

[Text] Elliott Abrams, U.S. assistant secretary of state for inter-American affairs, on Wednesday was intensely pressured to resign from his post, due to what several Democratic congressmen described as vain attempts to deceive Congress and the American people about his participation in the National Security Council clandestine network that supplied military equipment to the mercenary groups attacking Nicaragua.

In his statements to the congressional committee investigating the Irangate scandal, Abrams said that he does not intend to resign from his post because he still has Secretary of State George Shultz's support.

David Boren, Democratic senator from Oklahoma and chairman of the Senate Intelligence Committee, says that Abrams is no longer useful because the U.S. Government wants to recover congressional confidence in its foreign policy. Lee Hamilton, chairman of the House of Representatives special committee, said that he expected Abrams to acknowledge that the legislative branch cannot fulfill its constitutional role if it cannot trust the testimony of government officials. Another speaker, Senator George Mitchell, expressed concern because Abram's anger was not directed at those who allowed him to make deceptive statements, which has publicly cast doubt on his integrity.

Similar accusations against Abrams were made by Jack Brooks, Democratic representative from Texas, who said Abram's attitude reflects -- among other things -- extreme incompetence, the intent to deceive through the use of semantics, and the government's desire to keep him in the dark and thus elude Congress.

ISRAEL AIDING U.S. IN WEAPONS SUPPLY TO REGION

PA051730 Havana International Service in Spanish 0000 GMT 5 Jun 87

["Viewpoint" commentary read by Angel Hernandez]

[Text] Latin America is one of the most important traditional arms markets for Israel. Under the satisfied gaze of the United States, the region's military regimes for years have received huge shipments of military materiel from the Zionist state. This materiel inevitably leads to more repression and violence against the people of such countries as El Salvador, Guatemala, Paraguay, Honduras, and Somoza's Nicaragua.

Although the Israeli military presence dates back much earlier, in 1981 the magazine AFRICA-ASIA published remarks by (Yaacov Meridor), then Prime Minister Menachem Begin's assistant for economic cooperation, which suggested the United States permit Tel Aviv to continue to be an intermediary in arms sales to countries where there were difficulties for Washington.

The visit just paid by Honduran President Jose Azcona to Israel again clarifies the role of U.S. front man that the Israeli rulers gladly play in the region, particularly in Central America. In effect, government and press sources in both countries indicate that Azcona's trip to Israel had the main objective of obtaining Kfir war planes as an alternative to the U.S. F-5E's, the acquisition of which is in danger because of the opposition of some U.S. legislators.

Democrat Claiborne Pell, chairman of the Senate Foreign Relations Committee, has expressed concern about the escalation of conflicts which that sale of sophisticated U.S. aircraft might provoke in Central America. However, Azcona, who knows well the help that the Israeli Government has traditionally given Washington in such cases, immediately resorted to Tel Aviv. One must bear in mind that Israeli military aid to Tegucigalpa increased considerably after the revolutionary victory in Nicaragua. In 1981, Israeli and British press sources disclosed that Zionist military personnel were in a Honduran base. Over the years, those links have increased considerably.

In 1982, Honduras received 15 Kfir and Mystere airplanes at a cost of $100 million. [sentence as heard] According to reports, Israel acted as the U.S.' intermediary in providing military supplies to Washington's allies in the region. In this sense, we can say that in December 1986, Honduran Army sources stated the Israeli Defense Ministry and private arms dealers of the Zionist state supplied military equipment to the Nicaraguan counterrevolutionaries in Honduras. These same sources reported at the end of 1984 and the beginning of 1985, Israel sent three big shipments of weapons to the Honduran Armed Forces, knowing, however, the real destination of those arms would be the Nicaraguan counterrevolutionaries.

Even more recently, the Israeli newspaper HA'ARETZ reported that Zionist instructors are continuing to train those Somozist bands in military installations in Tegucigalpa and Palmerola. These dangerous links were confirmed after the Irangate scandal. The principal individuals implicated in it point their fingers at Israel as one of those involved in the sale of arms to Iran and the subsequent supply of funds to the Nicaraguan counterrevolutionaries.

We can thus affirm without any doubt in the case of Central America, Israel has played and continues to play the role of front man, a role which the United States has assigned it.

MALMIERCA ARRIVES IN IRAQ ON OFFICIAL VISIT

For reportage on Foreign Minister Isidoro Malmierca's offical visit to Iraq, see the Iraq section of the 4 June Near East and South Asia DAILY REPORT and subsequent issues.

MALMIERCA MEETS WITH IRAQ'S PRESIDENT HUSAYN

FL061302 Havana Radio Progreso Network in Spanish 1100 GMT 6 Jun 87

[Text] Iraqi President Saddam Husayn yesterday received Cuban Foreign Minister Isidoro Malmierca. They discussed bilateral relations and the situation in the Middle East, the Arab-Persian Gulf, and Latin America.

Malmierca is touring several countries before attending the upcoming Nonaligned Countries Movement ministerial meeting which will be held in Pyongyang, DPRK.

COMMENTARY ON NICARAGUAN-HONDURAN BORDER INCIDENT

PA072358 Havana International Service in Spanish 0000 GMT 6 Jun 87

[Report by Luis Cabrera, PRENSA LATINA correspondent in Managua]

[Text] The Honduran-Nicaraguan border situation has held the attention of Nicaraguan media. BARRICADA, official voice of the FSLN, today carries the following front-age headline: Plan to Create a Border Crisis Fails; Mercenaries Shoot It Out With Honduran Guards. The newspaper cites a report by international news agencies: Seven counterrevolutionaries died and several were wounded and captured when they attacked a Honduran border guard position on Saturday, 30 May. They had intended to blame the attack on the EPS and cause a military crisis between both countries.

The mercenary action took place near the Espanol Grande post. Two of the counterrevolutionary groups tried to attack this base, but were repelled by the Honduran Army. The sources added the mercenaries, pretending to be from Nicaragua, attacked local troops and evicted them from their posts and from El Aburrido hill. However, reinforcements from Arenales later reversed the situation against the counterrevolutionaries, who were shelled with 120-mm cannon fire.

The event took place near Yamales and Banco Grande mercenary bases in Honduras.

In Tegucigalpa the incident is being interpreted as a preview of possible future events if the U.S. administration abandons the counterrevolutionaries and transfers the problem to Honduras.

On this assumption, and in view of the attention the local Honduran press has given the incident, the popular campaign condemning the presence of mercenaries in Honduras has increased during the last few hours, especially after it had been learned the attackers had burned the huts of Espanol Grande peasants Mariano Torres and Miguel Navas only a short time before.

Concerning the incident, the counterrevolutionary leadership is meeting in Honduras, allegedly to plan strategies [words indistinct] to tour their new Honduran offices, according to a mercenary spokesman.

USSR DENIES CUT IN OIL TO NICARAGUA

PA070055 Havana International Service in Spanish 1600 GMT 5 Jun 87

[Text] The Soviet Government has officially denied that it has drastically reduced the delivery of petroleum to Nicaragua, as a U.S. newspaper -- THE WASHINGTON POST -- reported. A foreign ministry spokesman said that the newspaper has made up the story, and that it is not worth commenting on.

SALVADORANS DEMAND REGIME RESOLVE LABOR CONFLICTS

PA060436 Havana International Service in Spanish 1600 GMT 5 Jun 87

[Text] Members of the Coordinating Board of Solidarity with Salvadoran Workers [Coordinadora de Solidaridad con los Trabajadores Salvadorenos] marched through the main streets of San Salvador to demand the Jose Napoleon Duarte regime find a solution to the various labor conflicts affecting thousands of employees of the public and private sectors. The march started at the offices of that organization and ended in front of the Labor Ministry, where the demonstrators shouted slogans against the government's policy.

According to charges made by Hugo Martinez, secretary general of the progovernment [as heard] Coordinating Board of Solidarity with Salvadoran Workers, the regime is doing nothing to satisfy the demands of the labor unions.

There are 5,000 Social Security employees, 150 textile industry employees, 200 municipal employees, and teachers from primary and secondary schools currently on strike in El Salvador.

POSADA CARRILES PRESENCE IN EL SALVADOR 'CONFIRMED'

PA292228 Havana International Service in Spanish 0000 GMT 29 May 87

[Text] The presence in El Salvador of Luis Posada Carriles, a fugitive of the law, and his participation in the clandestine network to aid the Nicaraguan counterrevolutionaries, was confirmed to the U.S. congressional investigations committees by former CIA agent Felix Rodriguez.

The statments made by Rodriguez, a Cuban-American counterrevolutionary, leave no doubt about Posada Carriles' links to the CIA. Posada fled in August 1985 from a Venezuelan penitentiary where he was being held for his participation in the sabotage of a Cuban passenger airplane, which resulted in the deaths of 73 people.

The U.S. daily THE WALL STREET JOURNAL published in its latest edition that the congressional investigations are now trying to determine if some CIA agents are trying to protect their superiors by saying that they acted on their own in the diversion of funds for the Somozist mercenaries. According to the newspaper, it is inconceivable any member of the agency worked for the controversial secret network without his superior's knowledge.

NICARAGUA'S BORGE CITED ON COPPPAL DISCUSSIONS

PA310239 Havana International Service in Spanish 2300 GMT 30 May 87

[Report by Managua correspondent Luis Cabrera]

[Text] Commander of the revolution Tomas Borge, member of the FSLN National Directorate and interior minister, has returned from the meeting of the Permanent Conference of Latin American Political Parties [COPPPAL] held in Bogota. He spoke about the Central American conflict as well as the legitimate existence of the Sandinist revolution in Latin America. He said these were the main reasons for the existence of the Contadora and support groups in view of the aggressive policy of the U.S. Government.

The Sandinist leader said that this was one of the first conclusions reached by the most important Latin American leaders who participated at the latest meeting of COPPPAL, of which Borge is one of the vice presidents. A call for a peaceful and negotiated resolution to the Central American conflict had unanimous support from all the parties that comprise COPPPAL, and there was a call for actions leading to such a goal.

The Sandinist leader said he feels optimistic because of the broad support for a negotiated and peaceful resolution of the conflict in the area and because of the presence of the Sandinist people's revolution in that important meeting with the Latin American community.

BARBADIAN LEADER'S DEATH LOSS FOR CARIBBEAN

PA052138 Havana International Service in Spanish 2300 GMT 4 Jun 87

["Our America" commentary read by Manolo Ortega]

[Text] The progressive forces in the Caribbean have suffered a great loss with the death, due to cardiac complications, of Barbadian Prime Minister Errol Barrow.

The late head of government was among the English-speaking Caribbean politicians and statesmen convinced that rapprochement with Washington would be equivalent to surrendering the strategic region to the whims of a new metropolis that is much more aggressive and powerful than age-old British power.

During the past few years the United States has tried to turn the Caribbean into a new base for military and economic operations against the rest of Latin America. Ronald Reagan's team views the eastern Caribbean as a door to commercial and military ties with the area south of the United States, and it is therefore totally unacceptable not to have control over the area.

The British lion has yielded to Uncle Sam, and in the English-speaking Caribbean the multifaceted presence of the United States has become more evident than ever. At the beginning of the 80's in a maneuver aimed at counteracting Grenada's example, the U.S. Government approved the so-called Caribbean Basin Initiative which raised scarcely $300 million in aid for the region. After many years and after the military invasion of Grenada in October 1983, Caribbean statesmen who admired the White House have admitted the plan's inconsistency and have acknowledged that in the past few years the region's economy has rapidly declined.

To top this off, Washington imposed trade restrictions that affected the region's traditional exports. Where the plan reached boundless heights was in the military field. In the heat of the U.S. initiatives, a Caribbean military corps with an interventionist intent was created, and it debuted in Grenada. New U.S. military bases have emerged in Barbados and the Virgin Islands, and war maneuvers are periodically carried out on these islands under the euphemistic name of joint maneuvers, in which more than 90 percent of the troops and war materiel are solely American.

Errol Barrow was among the Caribbean statemen who clearly rejected the U.S. plans. The Americans, he said, are welcome to the Caribbean if they come as tourists and not as CIA or State Department agents. He also explained he would analyze the region's economy. The problems in the Caribbean, he said, will not be resolved by making Ronald Reagan the islands' Santa Claus. The Barbadian prime minister was also opposed to using the country as a base for the invasion of Grenada in October 1983, and said had he been leading the government at that time such an episode would not have taken place.

Erskine Sandiford has been named as the new prime minister, and the press describes him as one of Barrow's most faithful collaborators. This leads one to believe that the political line of independence and dignity defended by Errol Barrow will not change.

ECONOMIC PROBLEMS IN DOMINICAN REPUBLIC VIEWED

PA041537 Havana International Service in Spanish 2300 GMT 3 Jun 87

["Our America" commentary read by Manolo Ortega]

[Text] Observers of the Dominican Republic have noted that the effects of the country's economic problems on the population are becoming something that could lead to protests resulting in a serious crisis for the current authorities.

In fact, the Dominican Republic has been facing economic difficulties since the United States decided to drastically reduce the amount of sugar it imports. That decision has meant annual losses of $70 million for that Caribbean country. The attack on its main export product directly affects the people's standard of living, increases unemployment, and reduces the country's financial opportunities.

Meanwhile, Washington's recent approval of the Simpson-Rodino Law could result in the forced return to the country of approximately 900,000 Dominicans currently living in the United States and Puerto Rico, which would increase the number of unemployed people. We must recall that according to official statistics, 30 percent of the economically-active Dominican people are without jobs, and 10 percent are underemployed, which explains the strong migratory wave in that country.

The danger of destabilization is such that President Balaguer himself recommended that the United States enforce the new law against illegal immigrants with tact and moderation. Dominican senators and deputies have admitted the country's real inability to deal with that human wave, and have even said that it could be the beginning of the end of the democratic process taking place in the country, following 25 years of problematic and unstable political life.

According to other statistics, 70,000 to 80,000 people enter the work force each year, of which some 20,000 emigrate in search of jobs.

All the factors we have mentioned, due to a great extent to Washington's foreign and economic policy on dependent nations, are added to domestic factors requiring more sacrifice from the people. For example, the current Dominican Government promised to seriously attack the problem of the constant increase in food prices. However, to date, it has not been possible to curb the price hikes, and the cost of bananas, rice, beans, and vegetables has spiralled upwards, particularly during the past few months.

According to some economists, inflation in the Dominican Republic may reach 45 percent at the end of 1987, a level three times higher than 2 years ago.

Logically, the picture we have just painted could generate serious social unrest, reflected in strikes, stoppages, and continuous demands in favor of the poorest sectors. The Dominican people are preparing to wage an intensive struggle against the national economic crisis. We must not forget the just reaction of the masses in November 1984, when then President Salvador Jorge Blanco declared a drastic increase in the price of staples, unconditionally following IMF mandates. At that time, 100 people died as a result of repression.

The Dominican Republic's situation confirms the premise presented on numerous occasions that the economic crisis in our region can lead to social outbreaks of unpredictable consequences. However, the centers of power that could effectively contribute to preventing such a situation prefer to remain deaf to Latin America's cry.

COLOMBIAN GROUP SAYS GALVIN STATEMENTS 'MEDDLING'

PA250156 Havana International Service in Spanish 0000 GMT 24 May 87

[Text] Colombia's Patriotic Union, a leftist coalition, has characterized recent statements by U.S. Southern Commander General John Galvin as unacceptable meddling in Colombia's internal affairs. Galvin's statements were on the truce between the Colombian Government and the FARC in line with the pacification process. Galvin has rejected the pacification process arguing that it benefits the rebels more than the Colombian authorities.

VENEZUELAN JUSTICE SCORED ON 'BARBADOS CRIME'

FL040230 Havana Radio Rebelde Network in Spanish 1700 GMT 3 Jun 87

[Station commentary]

[Text] Venezuelan justice has delayed for over 10 years the verdict against four men who sabotaged a Cubana de Aviacion airplane that exploded in midair minutes after taking off from the airport in Barbados on 6 October 1976. AFP now reports that Orlando Bosch, a counterrevolutionary of Cuban origin and one of the planners of the airplane's sabotage, will be released. The men who perpetrated the action, Freddy Lugo and Hernan Ricardo, will be sentenced to 20 years in prison.

What catches our attention is that the district attorney's office had requested a 30-year sentence for each of the four assassins, and the judge had handed down the minimum sentence -- 20 years -- for only two of them. It is said the third man will be released. The fourth author of the massacre inexplicably managed to escape from an extremely secure Venezuelan prison approximately 2 years ago in circumstances that are still unclear. It is also strange that Venezuelan justice has not asked the CIA to provide information from its files. Some observers have pointed out the CIA has acted in complicity with authorities in Caracas to hamper legal action. The trial against the authors of the Barbados crime has lasted 10 years. The case was indiscriminately transferred from civil to military courts. Many judges refused to hear the case. There were many attempts to escape -- the last one was successful -- and statements were published in newspapers to indicate the perpetrators of the crime would be released. Now only those directly involved in the crime will be sentenced, the man who planned the crime will be acquitted, and there is no word on the one who escaped.

The incongruities and questions seem to multiply: Why was the minimum 20-year sentence applied, instead of the 30-year sentence requested by the Venezuelan district attorney? Why is there no statement concerning the escaped prisoner? What were the planners not sentenced? Perhaps the murder of 73 persons does not deserve the maximum penalty allowed by Venezuelan law. No sentence will be able to compensate the enormous sorrow caused by the 73 deaths, which include a group of young Cuban fencers who were returning to their homeland loaded with the medals they had won in a tournament. As a moral principle, because it is necessary for justice to prevail on earth, and because crime should be punished, Venezuelan justice must apply the maximum penalty against the planners and perpetrators of the sabotage to the Cubana de Aviacion airplane even if the sentence will never bring solace to the victims' relatives, the international community, or the nations that lost courageous sons.

BARBADOS

INTERNATIONAL LEADERS TO ATTEND BARROW'S FUNERAL

FL060051 Bridgetown CANA in English 2215 GMT 5 Jun 87

[Text] Bridgetown, Barbados, June 5, CANA -- Barbadians in their thousands filed past the body of the late Barbados Prime Minister Errol Barrow on the first day of its lying in state at the parliament buildings in Bridgetown today. For almost the entire day long queues extended around the parliament compound as Barbadians stood patiently in the warm sun, waiting their turn to pay final respects to the acknowledged architect of modern Barbados and father of the island's independence.

The mahogany casket, with Barrow dressed in a black suit, red and white striped shirt and black tie, was borne in to the Senate chamber this morning on the shoulders of soldiers of the Barbados Defense Force.

Barrow's successor, former Deputy Prime Minister Erskine Sandiford, was the first to view the body -- the casket draped with the Barbados flag of ultra-marine blue, gold, and black and flanked by soldiers standing in silent vigil. Barrows's family -- including his wife, Carolyn, dressed in black -- Cabinet, as well as present and former members of Parliament, were also among the earliest to file past the body, which will lie in state again tomorrow from 10:00 am to 6:00 pm.

On Sunday [June 7], the body will be moved to the headquarters of the ruling Democratic Labour Party (DLP) Barrow founded, and on Monday, to the rural St. John Parish where he served in Parliament for 29 years.

On Tuesday morning, Barrow's body will be returned to the Senate Chamber, where foreign dignitaries and distinguished heads of delegation will pay their respects. Later that day it will be taken to the Grantley Adams International Airport for a short ceremony before the body is flown to Miami for cremation.

A memorial service is scheduled for Tuesday afternoon at the National Stadium for an estimated 10,000 persons. Seven Caribbean leaders are expected to attend the service, representing Guyana, Trinidad and Tobago, St Vincent, St Lucia, Dominica, St Kitts-Nevis and Montserrat. Lower level ministerial delegations are coming from the other Caricom member states.

International dignitaries will include Venezuelan Foreign Minister Simon Alberto Consalvi, Commonwealth Secretary General Shidath Ramphal, and representatives from Canada, Britain and the United States.

Barrow, Barbados' first prime minister after the island achieved independence from Britain in 1966, died suddenly last Monday, aged 67.

Cuban Delegation To Attend

FL061643 Bridgetown CANA in English 1559 GMT 6 Jun 87

[Text] Bridgetown, Barbados, June 6, CANA -- Cuba is sending a high-level delegation for next Tuesday's state funeral of Errol Barrow, according to Cuban sources here. Heading the 9-member delegation will be Juan Almeida Bosque, vice president and the third highest ranking official in the Cuban government after President Fidel Castro and his brother, Raul.

Other members of the delegation will include Ricardo Alarcon, deputy foreign minister, Secerino Mansur Jorge, Cuba's ambasssador to Barbados, Omar Cordora, head of the Caribbean Section of the Central Committee of the Cuban Communist Party, Guillermo Batista Alvarez, a first secretary in the Cuban Foreign Ministry.

Ambassador Mansur and Batista are already in Barbados, arriving here after an official visit to Trinidad and Tobago. Mansur said that the late Barbadian prime minister was deeply respected by President Castro, and he recalled that Barrow had met with the Cuban head of state during his visit to Havana in July 1985 to participate in a conference on the international debt crisis, hosted by the Cuban leader.

Vice-president Almedia, who fought with Castro during the revolutionary war against the regime of Fulgencio Batista, had also headed Cuba's delegation to the funeral of the late Guyanese president, Forbes Burnham, who died in August 1985, and who was also a close political ally of Barrow. The Cuban delegation from Havana is due to arrive in Barbados on Monday (8 June).

GRENADA

FORMER ATTORNEY GENERAL FILES LIBEL SUIT

FL051400 Bonaire Trans World Radio in English 1130 GMT 5 Jun 87

[Text] Grenada's former Attorney General Francis Alexis has filed suit against Public Utilities Minister Keith Mitchell and a newspaper for alleging that Mr Alexis had made repeated attempts to overthrow Grenada's Government. The suit stems from a recent story carried in the Grenadian VOICE newspaper in which Mr Mitchell alleged that Mr Alexis was involved in five coup attempts against Prime Minister Herbert Blaize within the past 2 years. Alexis and two other ministers had resigned from Blaize's government in mid-April because of differences over labor and economic policies.

MINISTRY WANTS NAMES OF OFFICIALS FROM U.S.

PA052354 Paris AFP in Spanish 2320 GMT 5 Jun 87

[Text] San Jose, 5 Jun (AFP) -- Costa Rica today asked the United States to identify the Costa Rican officials who allowed the use of the Juan Santamaria International Airport for supplying planes of the Nicaraguan "contras."

The request is included in a letter sent by acting Foreign Minister Carlos Rivera asking for "the cooperation of the illustrious U.S. Government" in clarifying "such serious charges" made by former high-ranking U.S. officials. Both former Ambassador Lewis Tambs and Jose Fernandez, former chief of the CIA station in Costa Rica, stated before the congressional committee investigating Irangate that the Santamaria Airport had been used twice during the Oscar Arias administration for refueling contra planes. The Foreign Ministry note states that these operations were carried out without the knowledge or approval of the government, which claims to be neutral.

The Costa Rican request does not refer to the charges made about the construction and use of the landing strip at Potrero Grande -- in northwestern Costa Rica -- during the administration of Luis Alberto Monge (1982-86), who belongs to the same political party (National Liberation Party) as President Arias. At first, government sources had announced a protest would be filed to the United States over the charges on the use of the Santamaria Airport.

PRESIDENT ARIAS RETURNS FROM EUROPEAN TRIP

PA070330 Paris AFP in Spanish 0034 GMT 7 Jun 87

[Text] San Jose, 6 Jun (AFP) -- Costa Rican President Oscar Arias today characterized the Honduran Government's decision this week to close the political space of the Nicaraguan counterrevolutionaries as "a positive step."

On returning today to the country following a 26-day tour through seven West European countries, Arias said he is very pleased with the backing he obtained in the old continent for his peace plan. The plan will be discussed on 25 July in Guatemala by all the Central American presidents.

"I am very optimistic about the forthcoming summit meeting not only because I have received support for the peace plan from all the countries I visited, but also because we expect the EEC will soon support the Costa Rican initiative," the president said.

Arias said during a news conference on his arrival at Juan Santamaria International Airport that the suspension of the contras' political space by the Honduran Government is a positive step toward the Guatemala summit.

The Costa Rican president said: "Those of us who believe in a negotiated settlement of the war in the region cannot fail to see with sympathy that the civilized procedure of negotiations, not the procedure of war, is winning." Arias discarded the idea of his government applying a similar measure prior to the Guatemala summit. In Costa Rica, the contras' activities are limited to those of a strictly political nature, thus respecting the country's neutrality.

President Arias said that "Honduran territory has been used for military activities, but this does not apply to Costa Rican territory." He said there are at least 150,000 Nicaraguans in his country trying to escape from poverty and the war. He noted that his government cannot prevent those Nicaraguans from finding refuge in Costa Rican territory, and "this is why I am interested in eliminating the cause of this immigration to Costa Rica. The cause is the war, and that is why we struggle for peace." The chief of state said that his administration will complain if evidence is found that the contras have violated the country's neutrality.

Arias announced that he has ordered government officials to investigate charges made at the U.S. Congress commission investigating the Iran-contras scandal. According to those charges, between May and July of last year, two airplanes landed at Santamaria Airport after carrying out supply operations for the contras in southern Nicaragua. The president said: "If actions have been carried out behind my government's back, then we have to ask for, we have to demand, an explanation." He noted: "If there are Costa Rican officials involved" in activities related to military support for the contras, those officials "do not deserve to remain in my government."

Announces Philip Habib Visit

PA070422 Panama City ACAN in Spanish 0111 GMT 7 Jun 87

[Text] San Jose, 6 Jun (ACAN-EFE) -- U.S. special envoy for Central America Philip Habib will arrive in Costa Rica on Monday and meet with President Oscar Arias and Foreign Minister Rodrigo Madrigal. This information was provided today to ACAN-EFE by the president on his return from an almost 1-month-long tour through seven European countries (Spain, Portugal, England, FRG, Belgium, France, and Italy). During his tour, he explained and requested support for his peace plan for Central America. The president characterized his forthcoming meeting with U.S. President Ronald Reagan's special envoy as "routine," this time "to know in particular about the progress made by the Costa Rican peace plan and the possibilities of reaching a regional agreement." Arias said he will take advantage of the meeting, which will probably take place in his private residence, to inform the White House envoy about "our European tour." Other sources have reported that Philip Habib will also visit El Salvador and Honduras, and will conclude his tour with a visit to Guatemala on Wednesday.

28 NICARAGUAN CONTRAS ARRESTED, TO BE DEPORTED

PA041759 San Jose Radio Reloj in Spanish 1200 GMT 4 Jun 87

[Text] Twenty-eight Nicaraguan counterrevolutionaries have been arrested in a house in San Antonio de Escazu. The government minister is firmly upholding his decision to enforce respect for our neutrality. The Rural Police turned over the Nicaraguans to the Intelligence and Security Directorate. According to the government minister, 3 of the 28 are wounded. The group of contras are being kept under control by a Rural Police team that is constantly watching them. In the next few days the contras will be transferred to jails of the Social Adaptation Directorate [Direccion de Adaptacion Social] because they do not have legal status. Meanwhile, the General Immigration Directorate [Direccion General de Inmigracion] is making arrangements through its director, Francisco Villalobos Gonzalez, for the repartriation of the 28 counterrevolutionaries, who will be deported from Costa Rica.

PRESIDENT DUARTE'S 3D ANNIVERSARY SPEECH

PA021238 San Salvador Domestic Service in Spanish 1551 GMT 1 Jun 87

[Speech by President Jose Napoleon Duarte in Sensuntepeque on 3d anniversary of his term in office -- live]

[Text] Mr President of the distinguished Legislative Assembly, deputies, Mr President of the Supreme Court of Justice, diplomats, representatives of friendly countries who are here with us today, church representatives, ministers, deputy ministers, and members and officials of the autonomous institutions present here, Army chiefs, officers, cadets, troops, and musicians, representatives of the Salvadoran people that are in Sensuntepeque today, domestic and foreign newsmen, Mr Health Minister, doctors and nurses of this new hospital, Salvadoran people:

I appear today before the distinguished Legislative Assembly on the 3d anniversary of my government and in accordance with the internal regulations of the exectuve branch. I did not come to present a simple review of my work and the projects I have completed, because in recent days and in ones to come we will present to the country all the projects we have completed in each department. I came here to interpret the current historical process and its future. Mr President, in their corresponding reports and in accordance with the Constitution, the ministers will present the details of their work to the distinguished Legislative Assembly.

I am delivering this message to the nation from Sensuntepeque on occasion of a special plenary session of the distinguished Legislative Assembly, and specifically on occasion of the inauguration of all the works completed in this department. This ceremony means that although San Salvador is the capital city, all of the country's cities have the same importance as the capital city in regard to this kind of ceremony.

Mr President, during my presidential inauguration on 1 June 1984, I committed myself to move El Salvador forward and to do so amid great problems and difficulties; problems and difficulties that have turned the last few years into a strife-torn and extremely critical period. In the last few years, we have experienced a difficult crisis, the most difficult and serious crisis the country has ever experienced. We have also had the great responsibility of reorganizing the country to overcome and resolve that crisis. I am speaking of a time of great challenges and great possibilities. I am speaking of a situation of historical importance, because I will speak about people who will build El Salvador's future.

I am here today to contribute to the clarification of what is taking place, of what has taken place, and of what will probably take place in the future. I am here to reflect on what we have done, what we are doing, and what we will do: the crisis in the evolution of the Salvadoran state. [sentence as heard]

Mr President, I will begin this reflection by pointing out that the state is the body that unites and organizes society to achieve the common good in accord with historical circumstances and the intellectual climate of every era. Therefore, the state embodies a national plan that through time gives shape to a historical, economic, political, cultural, psychological, and collective model of the peoples.

When that plan is accepted by consensus and is adopted as the best model, the sociopolitical and historical forces adopt it as their own, reinforce it, give it power, and carry it out by creating institutions, structures, and collective attitudes that are part of the new society.

When the plan to form a nation loses historical validity, consensus weakens. Historical validity disappears when the plan for a nation cannot give even the smallest solution to the country's current problems, and to those that arise as society develops. It is at that moment that the historical plan begins to separate from reality and consensus. Sociopolitical and socioeconomic support begins to disappear. Conflicts that are unresolved or become unsolvable begin to appear, and little by little, the state's institutions become incapable, not only of absorbing the conflict, but of handling it and resolving it. In that way, societies begin to confront a crisis, and a new plan arises. The new men who will carry it out appear as well. It is at that point that we have the seed of a new state and a new society.

The crisis is then the expression of the breaking and separating of the old and the new, and the expression of new challenges, but it is also the expression of new historical possibilities. The old structures have not dissapeared completely; they continue as part of the new structures, and that creates a struggle between today's and yesterday's forces. In this process, a large part of the new structures is based on the old ones, but the latter struggle against their historical death while the new ones are pressing for a historical birth. In the process, this is a chaotic, uncertain struggle, but it has orientation, direction, and sense.

The French revolution began in 1789 and consolidated itself almost a century later. The Mexican revolution began in 1910, but consolidated itself almost 30 years later. The liberal state was born in El Salvador in 1821, but reached consolidation during the last 2 decades of the 19th century. The last few decades of the 19th century in El Salvador saw the emergence of a new state, the liberal state. The liberal revolution, which began with our independence, supported the liberal state, which began its decline in 1931. Those processes represent progress throughout history. History and the men of the future, who best represent it, never work in vain; they always have good reasons to do what they do, and those reasons always move them forward.

The liberal state emerged historically and inspired the intellectual climate of the enlightened people, which was considered the expression of the best collective interests of the time. The leaders of the liberal revolution destroyed political absolutism, which denied the civilian rights of the indigenous population. It destroyed the political absolutism that controlled the economic apparatus of the provinces from the mother country, Spain. It also destroyed the social absolutism that divided provincial societies in mainland and overseas societies, thus denying all possibilities for social development to those who were not born in Spain. This is why Jose Matias Delgado, Manuel Jose Arce, Pedro Pablo Castillo, Manual Rodriguez, the Aguilar fathers, and all of our homeland's fathers fought. They announced the arrival of new days, a future with difficulties, but one that would not be under colonial domination. Undoubtedly, the liberal state was an advancement in our history. It gave us national identity, attained our political independence, united the country politically and economically, created a basis for El Salvador to enter the 20th century, and allowed us to do what we are doing now.

However, political, social, and economic systems are not perfect, although they can always be made perfect. The new state and society models respond to the realities of their times. If the leading elites are not capable of readapting to the demands of the new historical events, new states and new social and economic situations with more or less serious crises emerge. It must be stressed that these changes occur if new political elites, with new projects, enter the national scene to satisfy and process the new. [sentence as heard]

From the liberal to the authoritarian state:

Mr President, the liberal state, forged in the 19th century in El Salvador, wore out its political potential early this century.

The Salvadoran economy was completely dependent on coffee; whenever there was a dramatic slump in the international market, the country would run out of revenues, and the people would experience a tremedous economic crisis.

Within the international scope, the idea of a totalitarian state, of a corporative and classist nature, began to take shape in the 1920's. This was a sign that the liberal option in Europe was going through a crisis. The Bolsheviks in the Soviet Union, the Fascists in Italy, and the Nazis in Germany were only the most salient examples of a [word indistinct] movement that went from liberalism to authoritarianism.

In view of the crisis these conditions created, an attempt to solve the problem emerged in El Salvador with the government of Arturo Araujo. The attempt failed, and the long path, 50 years of authoritarian state, began.

The authoritarian state, which began with the 1931 coup d'etat, produced a change in the nature of the ruling elite. For 50 years, this change became political, social, and economic characteristics that led to institutionalized violence, and this is one of the main causes for the present crisis.

These conditions gave rise to a social decadence that resulted in widespread violence, a tremendous polarization of the social forces, a deterioration in the relations between the state and society, and a clear sign of uncertainty. All this led to a crisis and the downfall of the authoritarian state with the 15 October 1979 coup d'etat.

At the beginning of this decade, the entire country was in a crisis. Illegalities, instability, fear, and violence were the signs of that time. The country was experiencing schism and division in society in a way never experienced before in our history.

Salvadoran people: I am saying this so we all understand the chaotic situation we were in at the beginning of this decade. Let us recall martial law, the burning of buses the daily murders, the bombs in the cities, the persecution, and the lack of security. Let us recall the times when our country was afraid and desperate.

Toward a new state:

Mr President, in view of the magnitude of the crisis, three options appeared: Two meant death and one represented life and hope. There was the restoration option that [words indistinct] that intended to return, through violence, to the social, economic, and political rules and behavior of the authoritarian model that had become obsolete. There was also the option of the terrorist guerrillas, who intended to destroy everything that had been accomplished, whether good or bad, and to impose through violence a totalitarian state with a Marxist-Leninist dictatorship. In the face of these two options, we presented the alternative of a democratic revolution. A democratic revolution is defined by its means and goals.

The means of a democratic revolution are the structural changes the country demands to solve the problems of structural justice. The goals of a democratic revolution are the establishment of a political, participative, pluralist, and humanist system in which man's dignity is the beginning and end of the state. This is a change that introduces modifications through popular consultation and the creation of a nationwide consensus.

Mr President, I now want to announce the outlines of the new historic project and the new basic political agenda. I would like to begin by recalling that future challenges can only be determined based on our country's national interest. The national interest can only be [word indistinct] from a framework of values and principles that shed a light on solutions for the nation's most important problems.

The national interest of our homeland is determined by the common good of all Salvadorans. Since common good is a historical concept, its content, meaning, sense, and demands are determined by historical circumstances. Under the present circumstances, the common good means the people's basic needs must be met, their security must be guaranteed, and their standard of living must be increased.

Unfortunately, Mr President, in our country more than 50 percent of the people live under conditions that I refer to as critical poverty. There are displaced, immigrant, unemployed, and underemployed people. There are all kinds of social problems in terms of health, housing, education, and nutrition. This is critical poverty. For this reason, we must work to reach the objectives to fight critical poverty. This is why we need to build hospitals, and this is why we chose this day to inaugurate the Sensuntepeque hospital.

Morally speaking, critical poverty is unacceptable because it hurts peaceful coexistence in the country and destroys the values and principles that sustain peace and social harmony. The crisis we are experiencing is the best proof of what I am saying.

It is our Christian duty to help the neediest. Christian ethics teach us that helping the neediest calls for charity and social justice. Charity is the best proof of love. It was expressed when Jesus gave his life to save mankind. This charity tells us to love others as we love ourselves.

This leads us to social justice. Christian ethics teach us that when individual assistance is not enough, social justice becomes necessary.

From a political point of view, participation and pluralism -- as expressions of common well-being -- cannot be fully exercised if existing social and economic conditions are not suitable. For this reason it is necessary to search for ways to satisfy the people's basic needs so the people may find their expectations better fulfilled; this is because the people are the consignee of the common wealth.

Logic and economics tell us that if in El Salvador the majority lives in conditions of extreme poverty, its purchasing power will be minimal. If this is so, then the supply of goods and services must necessarily also be minimal, and there will not be any incentive to invest. This is a vicious circle: Production drops, investments are reduced, unemployment grows, the market shrinks, the national economy is depressed, and we are then left at the mercy of actions that somehow will have a foreign influence on the national life.

Socially speaking, the difficulties are obvious and the [word indistinct] are evident. When the majority of the people cannot satisfy basic health, housing, food, and educational needs, this majority cannot be economically productive and its participation is limited to the political field.

This reasoning shows that if common well-being is what is best in terms of both quantity and quality, there cannot be well-being when the majority is not well. A society where negative conditions are victorious over well-being is a society that cannot live well.

When this happens, as facts show is happening in our country, we can objectively say there is no common well-being, or the well-being that does exist is defective and insufficient. Inasmuch as common well-being is the well-being of the majority, quantitatively and qualitatively speaking, then common well-being is the main source of (?national interest). If common well-being is defective and insufficient because the well-being of a few is viewed as more important than the indisposition of many, society is unjust.

Salvadoran people: This is the main problem. Here is the basic difference between our position and the individualistic and sectarian positions that have been in permanent confrontation with the government. Here is the difference between those of us who defend common well-being and those who attack it. This has been the reason for the struggle that my companeros and I have waged throughout our lives. This is why we will continue struggling for the democratic revolution.

Mr President, common well-being as we understand it is the fundamental concept that must inspire the search for objectively necessary roads to a solution that is -- from a political point of view -- essential and -- from an economic point of view -- rational, so this concept may lead the way in an effective search for positive results.

I am going to repeat myself, Mr President: To have positive results, all sectors of the country -- overcoming ideologies and individual and sectarian interests -- must seek a basic agreement. Without that agreement, it will not be possible or feasible to reach any solution.

Common well-being requires a national agreement. Agreement does not imply unanimity or a total elimination of differences regarding methods and techniques, but it does imply that all social, economic, and political forces of the country agree that poverty is the main problem and that therefore we must all contribute to resolving that problem by building a just and democratic social order. This is because no sector of the country will be able to enjoy well-being unless all Salvadorans have well-being.

Mr President, a national effort of cooperation means all national sectors will cooperate with, and complement, each other -- the workers, peasants, professionals, and businessmen -- so united they can resolve the country's main problems. They will do so with awareness and responsibility and by subordinating personal well-being and interests to the national well-being and interests.

Based on this, I am calling for a change of attitudes, for a renewal of attitudes, and for the abandonment of confrontational, orthodox, and polarizing positions, realizing that a time of crisis is a time for agreement and unity. It is fundamental to have a change of attitude to produce a change in behavior for the sake of common well-being, to forget apocalyptic positions, and to believe that our country has a future and that what that future will be depends on us, on our faith, and on our hopes.

Mr President, Salvadoran people, this is the spirit that has been my source of inspiration during 25 years of struggle to turn into reality in our country the watchword: For social justice in an authentically democratic regime.

For this reason, I have made every conceivable effort to incorporate every one of the sectors into the democratic project, including the far rightists and the far leftists, never losing sight of an agreement that will make it possible for us to settle our differences through the slogan: Peace and Democracy. Because of this, I am hopeful about the FMLN-FDR invitation to continue the dialogue to overcome violence and injustice in the country. I will not cease to insist, however, that the incorporation of the FMLN-FDR into the nation's normal activities will contribute toward strengthening the democratic process only if they lay down their arms and abandon violence as a political action tool. [applause]

We need to end violence and achieve genuine peace, which could be achieved through the democratic process leading to the eradication of injustice and the material poverty of our people. Mr President, within this framework, and from Sensuntepeque, I want to tell San Salvador Archbishop Msgr Arturo Rivera Damas I have decided that the 98 disabled FMLN-FDR persons for whom I received a request can leave the country as of today. I hereby order the executive director of the Human Rights Commission and the joint chiefs of staff to take the necessary steps to enforce this order.

Within this very same framework, I demand that the FMLN-FDR release the mayors and other people who have been unjustly deprived of their freedom, including Rafael Antonio Valdivieso, Gonzalo Alonso Garcia, Victoriano Martinez, Pablo Saul Ayarza Escobar, Pedro Flores, Jacobo Sanchez, and Jose Echevera Rivera.

Salvadoran people: Seeking solutions to the problems of injustice and extreme poverty and avoiding as much as possible taking measures that will aggravate this situation, my government has been resisting pressures for further currency devaluation. U.S. experts, forgetting our social and political reality, have proposed solutions that theoretically could solve the economic problems of other nations. These proposed solutions would on short notice aggravate our people's poor living conditions. My people elected me to defend and help them, not to worsen their situation. [applause]

We all should admit the country's problems are partially economic. Above all, however, they are political problems of social injustice. Salvadoran people: Fulfilling my historic responsibility, I have decided, within our current economic program, not to devaluate our currency. In addition, I hope the U.S. Government [applause] -- and particularly my personal friend, who has helped me so much, President Ronald Reagan -- will order the disbursement of economic aid, which the Congress has already approved. [applause]

I hope our [words indistinct] and the ideals of our people, who confront war with so much sacrifice, can be understood in the United States. We hope the United States can understand the negative impact of international prices of our basic products and the whims of nature, so we can continue our indefatigable struggle to defend and consolidate this democracy, one more democracy in Latin America. [applause]

Mr President: Within this set of ideas, we seek to achieve an economic regime compatible with an integrated concept of democracy. For this reason, we executed the 1970 reform and encouraged a democratic process. This is the reason for our agrarian, banking, and foreign trade reforms, which were the beginning of a series of structural changes and adjustments responding to the demands of the historic process. In 1984 and 1985, we began an economic program that solved problems then and laid the foundations to solve those of the future. In 1986, we drafted and presented a stabilization program. It was difficult but designed to correct both the domestic and foreign imbalances of our economy. In addition, we have taken a number of measures to facilitate lowering the fiscal deficit, to close the gap in the foreign sector, and to lay the foundations for an equitable distribution of our revenues.

Mr President, Salvadoran people: In view of our economic reality, and considering that last year's currency reorganization has relatively stabilized the exchange rate, we have chosen a path other than devaluation to foster our nontraditional exports. This path consists of a number of measures to achieve the positive effects of devaluation without affecting production costs and the prices of domestic consumption goods and export products.

Salvadoran people: This is a change in economic concept. Instead of continuing to profit from our traditional products, we will orient our economy toward exports -- both to Central America and the outside world -- to ensure our economy will not depend on a single product, coffee, but [words indistinct] in all fields of the economy. In this way, our economy and our people will not suffer the effects of price changes of the only product that serves as the basis for our economy.

Mr President, I hereby present to the honorable Legislative Assembly, through the relevant ministers, a number of bills and reforms to the current and existing laws to be discussed, studied, and analyzed by the Legislative Assembly. I also wish to report that my government has adopted a number of social, economic, and political measures aimed at complementing the aforementioned bills. In this way, we will progress toward completion of the principles and concepts presented in this message, which are part of the general government plan. We developed five basic policies: pacification, humanization, participation, democratization, and economic reactivation. In due time, the ministers of state will hand to you, Mr President, 41 bills, including the 5 we have presented. They will also present six additional documents, decrees, and regulations, but I must wait to enact them by law. They will also deliver to you an economic sector program, a document concerning monetary and exchange policy, and an agricultural and livestock development policy.

I want to tell you, Mr President, that we cannot deceive ourselves. This country is agricultural; its economy is agricultual. We must therefore develop agriculture in our country and strengthen it to serve as the foundation for our people's economic development. I hereby deliver to you through the ministers of state these 56 [as heard] documents to be studied and considered so they can be analyzed along with regulations, projects, and ideas and so the objectives and purposes of this program can be defined. By studying them, by debating these laws, the people will become integrated with this historic project.

Mr President: I submit to you and the honorable Legislative Assembly, who are the legitimate people's representatives, and I want to stress that the times in El Salvador are times of crisis. The times of crisis are times of doubt -- times of doubt in which the course can easily be lost; times of crisis are times of changes. Times like these are when rationality, reflection, and decisionmaking become historic tasks --- reflection and decision are undeniable. That is why in times like these, the most important socioeconomic theories have emerged, the main political doctrines have been born, and the most fundamental development models that have governed history have emerged. That is why times of crisis are times of decision in the evolution of the peoples. These are times of new concepts, in the practical search for new alternatives, during the moments when our values are confirmed, our knowledge is reconsidered, and actions and solutions that have typified the past are revalued and typify the present for the future.

Mr President, I am handing you the following laws and decrees -- I shall try and do this succinctly, because of the (?state of things).

First, in the economic field: the laws for production incentives and benefits and for the country's productivity -- as viewed in the context of our new economic projection. We say having money does not mean anything. It can make one man happy, but it does not make the entire society happy. Having money also demands having responsibility. That is why the new theory is not just meant to give incentives to those who have a factory, a farm, or a plot of land. It is meant to give incentives to those who produce the most so production will increase. With increased production and productivity, our riches will begin to grow. Then the riches in the hands of one man can be useful if he fulfills a social mission. This is the goal of the incentives we shall give from now on -- not the simple fact of having something, but that something is put to use for the country's benefit....[5-second break in reception]

We shall present you with the law of incentives for production and benefits of national productivity. In agricultural matters, you will find the document that explains all the phenomena, breaking all agricultural production bottlenecks. We are thus presenting a series of reforms. For example: reform of the cotton decree dated 1942; reforms of rules governing the growing of cotton; reforms of the laws covering the development of cattle raising; reforms of the law of cattle development; reforms of the rules for the application of the law for cattle development; reforms of the cattle association laws; and reforms of the temporary law for the promotion and development of coffee growing.

Concerning tax matters: I am presenting to you, Mr President, through the ministers, certain bills and some others that have already been delivered to you. They include amendments to: income tax laws to reduce interests, the reassessment of real estate, treasury bonds, and the import duty waivers for cargo trucks and agricultural machinery. In banking matters, there were amendments to rural credit laws, the mortage bank statutes, the Agricultural Development Bank law, an increase in the financing of the Supply Regulation Institute, the bond issue law for the Supply Regulation Institute, the monetary law, and the law on credit institutions and auxiliary organizations. In foreign trade matters, to open our country's doors, allowing foreign capital to flow in without a single requirement other than the investors' own effort, and allowing friends from other parts of the world...[30-second break in reception]

We are doing this here without devaluating the currency. [applause] We are also amending the temporary law on the promotion amendments that I will now read to you.

There is a decree decreasing custom duties on imports of motorcycles and scooters with auxiliary engines, and exempting those vehicles used for cargo transportation from duties. The objective of this is to benefit the transportation sector while afording a means of communication and transportation to the poorest individuals.

There is a decree authorizing the executive branch in the finance sector to issue treasury bonds.

There are also a group of executive decrees, regulations about tax discount certificates, regulations on the system of trade exchange; reforms to the regulation on the implementation of Decree No 50 about cotton, reforms to mortgage bank statutes, and an executive decree about administrative deficiency, which includes all cabinet ministers and presidents of institutions. The objective of this decree is for each cabinet minister to examine all his departments in the next 15 days, going through all desks if necessary, to find any [word indistinct] unissued resolution so it can be issued during this 15-day period. If any resolutions immediately follow other resolutions, these will also be issued. We have found that one of the faults hindering the development of the economy is government bureaucracy. To end this bureaucracy, we are stressing the need for all ministers and all officials at all levels to fulfill their duties; they must work and process documents. They must stop hiding files under desks; they must bring them from under the desks and put them on top of the desks so the country's economy may move forward. I am certain this is a national desire. In addition, the president of the Supreme Court of Justice will join us in this effort, so documents will be processed quickly in the courts and will not be delayed by bureaucracy.

We are presenting, Mr President, for the country's information, additional administrative policies and measures on exchange rates, monetary systems, finances, credit, and encouragement to produce in the agricultural sector.

Salvadoran people, peasants, and democratic peasant associations: The government of the Republic, fulfilling its social commitment to you, delivers, through the National Legislative Assembly, four long-awaited agrarian reform bills. [applause] They are: the bill that governs the voluntary transfer of lands for the agricultural sector; the special bill on plots exceeding 245 hectares; the bill on the transfer of state-owned rural lands suitable for farming and cattle-raising of agrarian reform beneficiaries; and the bill transferring rural land with commitments to the financial system to agrarian reform beneficiaries. [applause]

These bills, Mr. President, involve another aspect: We are giving the peasant commission -- the democratic peasant representatives created by this law -- the opportunity (?to measure, price,) and decide who will work the land, and how. Therefore, the peasants will make their own decision about the land for the first time in our country's history. [applause]

In the social order, Mr. President, I am presenting a general education bill and a health code, which fulfills another promise made to the health inspectors. The health minister, together with the health workers, drafted and are delivering this document.

In addition, Mr. President, th Catholic Church's Episcopal Conference president is here with us. The members of this conference met with us and requested four bills on granting legal status for the Catholic Church.

Therefore, we present to you a bill on diocesan educational centers, a true interpretation of Article 1 of Legislative Decree 2,585. I am presenting a decree on determining Catholic Church properties, and on legal representation of the Catholic Church. The Constitution establishes that the Catholic Church has legal status. However, there is no congruency between this concept of legal status and the canonical concept of legal status. This is why we are drafting this law to reconcile both concepts and allow the Catholic Church legitimate status.

Regarding the military sector, I am submitting, Mr. President, a bill on social benefits for veterans.

This law carefully considers justice. A soldier who re-enlists after completing his tour of duty, risking his life and struggling to save the country, is entitled consideration of his future. What will this man do when he leaves the Armed Forces? That is why are are establishing [word indistinct] and the provision of lands for military veterans. We are also considering those veterans who have been crippled while defending their fatherland. [applause]

Mr President, I am also presenting something very dear to me, something that I have always desired, something that is vital to the professionalization of the Armed Forces. I am presenting a law establishing a military university. I am also presenting the military service and Armed Forces reserves laws, to fulfill the Constitution's requirement for obligatory military service. Furthermore, I am presenting the general blueprint registration law, and a law to control the protection of state property, and the protection of private security organizations and personnel. I believe it is dangerous, Mr President, for people to walk the streets when weapons are not controlled. Guards employed to protect the people could be criminals; they could be kidnappers; and they should be adequately controlled. That is why it is good to have control, a procedure to guarantee not only the lives of those protected, but also the lives of those who desire this protection.

In the housing field, Mr President, I am presenting a special real estate registration law, a special housing law for urban and rural areas, and a fund to promote popular housing on a national level. I am presenting a law that will regulate present settlements. Upon approval, it will control the construction of all buildings and human settlements throughout the country. I am also presenting a special transitory system for taxes on illegal road estate developments and buildings completed prior to the implementation of the human settlement law. I am thus adding two more laws as executive decrees: the human settlements law and the emergency law for anti-earthquake construction in El Salvador. A few moments ago, I spoke to the country of our peaceful spirit, of our efforts to discover that our history, which has been infiltrated by violence, can be changed to a search for love and understanding. I have traveled every path, have spoken to all sectors, and have fought to eliminate the evils that have been the cause of the violence. It is within this context that I take a further step. We are authorizing the departure of the 98 FMLN-FDR disabled people. This is proof of our spirit, of our Christian chairty, and of our desire to end the violence. This also proves our [words indistinct] human rights. However, as we have taken actions, we also want the rebels to act with the same conscience, and stop kidnapping and killing people as they did in Apastepeque a few days ago.

Mr President, we are also presenting and reiterating to you the amnesty bill. In addition, I am presenting a new bill, an amnesty bill to incorporate the rebels into the democratic regime.

Rebels who are under arrest are one thing; the ones who become incorporated into the democratic regime are another. We are offering those under arrest an opportunity. I cannot believe they will join the democratic process if we do not guarantee that this democratic process is also humane, that it also opens its doors to them, allowing them to participate in our country's entire political, social and economic process. [applause]

I am presenting reforms and additions to civil service laws. I am presenting a legislative decree whereby the justice minister is designated to represent the president, vice president, and other executive branch officials and to intervene on their behalf in various judicial and extrajudicial affairs. This point was included because it is sad when a government cannot work together to organize. There are those who insult officials and disrespect them, and no one can defend their good name and image. It is high time someone represents the government. [applause]

Mr President, I also remind you that I have presented penal code and procedural penal code reforms. I know that more reforms are needed, and that the Supreme Court is working to reform justice. I know that there is a special commission to prepare all of these plans. However, time continues, and we must make laws that will give us room while these studies are completed. This is why I presented the last two laws; to hasten these proceedings, to hasten the process of trying common crimes, to benefit from the prompt application of justice, and to adapt the law to the Constitution.

Mr President, I am presenting an organic law for the district attorney's office, to make that office more flexible and dynamic, so it can better fulfill its duties. Mr President, I am proposing -- in addition to the attorney general -- the post of adjunct attorney general. We are asking you, Mr President, to create this post to serve human rights in the general attorney's office. These are my steps to fulfill the struggle for change, and to make human rights the foundation of respect in the democratic process.

Mr President, at times like this, changes cannot result fom a single action, but require procedures to acquire historical feasibility. The path must be paved for them. In reality, changes are restricted and are often opposed and altered. We all know this. Nevertheless, this problem can be overcome. The issue is not the confrontation of opposition, but the prevention of deviations. To prevent deviations, crises should be viewed as opportunities to produce members of society with new minds and new attitudes. If we follow the values bequeathed to us by the heroes of the fatherland, the men of today can fulfill our historical destiny. To make history, we must always go forward... [3-second break in transmission] of a democratic dejure social state.

Mr President, Salvadoran people: We need Salvadorans today with a vision for the future. We need men that will embody the new ideals of this democratic dejure social state, as the heroes did in their time. We need the Delgado's the Arce's, the Aguilar's, the Rodriguez's to embody the defense and development of our sovereignty, identity, and national independence through democratic values, justice, liberty, and the well-being of all. We need new Jose Simeon Canases to release us from bondage and free our people from the critical poverty most of them are experiencing.

Mr President, we need men who will write El Salvador's new history. Salvadoran people, the democrtatic revolution has not ended, it is merely beginning. Salvadoran people, let us all take a step forward and write our history. Let us be proud of being Salvadorans. Thank you. [applause]

UNTS LEADER ANNOUNCES INTENSIFICATION OF ACTIONS

PA060456 San Salvador Radio Cadena YSKL in Spanish 1630 GMT 5 Jun 87

[Report by Oscar Venancio Ramirez]

[Excerpts] Marco Tulio Lima, leader of the National Union of Salvadoran Workers, UNTS, said the threats by the military hierarchy against [word indistinct] and the labor unions' demonstrations will not halt the workers in their struggle for a better standard of living. Colonel Reynaldo Lopez Nuila, deputy public security minister, recently said the demonstrations have reached a point that can no longer be tolerated. Col Lopez Nuila also urged the labor unions to put an end to their marches. Both [Treasury Police Director] General Rinaldo Golcher and Col Reynaldo Lopez Nuila attacked the people's organizations and said they were destabilizing the government. However, Marco Tulio Lima said the unions will continue marching in San Salvador, adding that union leaders feel the threats by Golcher and Lopez Nuila show President Jose Napoleon Duarte's administration is exhausted and tired.

[Begin recording] [Lima] [Passage omitted] As we understand the situation, the government has no capacity to answer the people's social needs, so the government answers with repression. However, this is not going to stop us.

[Ramirez] In view of the threats recently made by the Army, particularly the Armed Forces High Command, what is your organization planning to do? What measures will you adopt?

[Lima] The first thing we must do is increase the organization of the people. As you have observed, many new organizations have joined the UNTS. Three new organizations have joined, in addition to the three unions of the National University. We know what the people must do. The people will increase their struggle, organization, and peaceful demands, because these are true demands that no one can deny the people. We have reason and justice on our side. [passage omitted] The High Command will be left alone, with only the oligarchy. [end recording]

When referring to the attack against labor leader Julio Cesar Portillo, Marco Tulio Lima said:

[Begin recording] We have not resorted to government facilities to help our companion, Julio, because we do not trust them. We did not take him to a public health center, because we would be exposing him to a criminal attack. You have seen how murders have increased during the months of April and May. [passage omitted] [end recording]

Marco Tulio Lima also said that the military chiefs have made these threats in order to psychologically prepare the people for the actions the military will take and then try later to justify such actions, which will entail a high political cost.

FMLN ON HONDURAN INCURSIONS, 'AGGRESSIONS'

PA072250 (Clandestine) Radio Venceremos in Spanish to El Salvador 2300 GMT 5 Jun 87

[Communique issued by the FMLN General Command on 5 June 1987]

[Text] New aggressions by the Honduran Army against Salvadoran territorial integrity: In the past few weeks, the Honduran Army has increased its aggressive actions against the national territory, causing damage and casualties among civilians. These actions are not new, because in recent years the Honduran Army has been helping the Salvadoran Armed Forces in the war against our people. All one has to recall is the Honduran Army's participation in the Sumpul killing in 1980.

We have repeatedly reported the complicity of the top Honduran Army command, and we have warned that the revolutionary struggle in El Salvador is aimed against a regime and an Armed Forces that are lackeys of a greedy, small oligarchy. These lackeys have converted this struggle into an obedient prey of the warmongering policy of the Reagan administration.

The Salvadoran people's revolutionary war has been [word indistinct] the puppet army despite the large military aid for the plans [words indistinct].

The Army's defeat explains the U.S. Government action to involve the Honduran Army in a dirty war. [Words indistinct] it is not enough for Reagan to [word indistinct] and use the Honduran territory as a base of aggression against Nicaragua. It also needs to [words indistinct].

Recent proof of this are the constant attacks in Morazan and Chalatenango Departments, where the operations [words indistinct] Chalatenango. In the past 5 days, Honduran troops have carried out seven incursions, crossing the Sumpul River in San Fernando, El Carrizal, Petapa, and Ojos de Agua -- thus maintaining positions on various places of the common border. They enter the border to organize true campaigns of terror against the civilian population. These incursions have been accompanied by mortar and small-arms fire, causing damage to humble people's property.

On 25 May, troops murdered [words indistinct] after torturing him in a horrible way in Ojos de Agua. All these aggressive actions were carried out by Honduran soldiers who said they were carrying out orders from their superiors.

The FMLN once more urges the Honduran Government and High Command not to yield to the pressure from U.S. military officers and not to continue lending themselves as troops against our people. We urge Honduran soldiers to refuse to comply with orders to attack Salvadoran people. The war we are waging involves Salvadorans, it is not aimed against the Honduran people. However, we have decided to use our weapons to defend our sovereignty. We urge our people to come together to defend our territory and report and fight the aggressive actions against our territorial integrity.

[Signed] FMLN General Command; El Salvador, 5 June 1987

BLANDON TERMS 'MASSACRE' REPORTS AS 'PROPAGANDA'

PA070250 San Salvador LA PRENSA GRAFICA in Spanish 5 Jun 87 p 2

[Text] General Adolfo O. Blandon, chairman of the Joint Chiefs of Staff, stated at a news conference that the FMLN-FDR, using front organizations, is searching for victims that could provoke a situation similar to the one that existed in 1979. However, the Salvadoran people can no longer be tricked with false manipulation, he said.

He added that if FMLN-FDR intentions are to create an atmosphere similar to the one in 1979, its efforts will be useless because this time it will not have the support that it obtained then with deceptions.

The present objectives the FMLN-FDR is seeking to attain through front organizations such as UNTS [National Union of Salvadoran Workers] will not be attained because people have achieved maturity and good sense after the pain they experienced when their sentiments were betrayed, he said.

Gen Blandon stated that the UNTS goal when it reported a "massacre" in front of La Esperanza penitentiary on Sunday -- where only Professor Julio Cesar Portillo was wounded -- was not achieved because people are tired of so much deceit.

He added that the reports of the much ballyhooed "massacre" did not convince anyone because the reports did not make sense. He said that if the FMLN-FDR wanted people to believe it were true, how could there have been only one person wounded in a large crowd if a shoot-out really occurred?

The officer added that within their terrorist campaign, the FMLN leaders are trying, with all means, to get their front organizations to sustain casualties to use these victims for propaganda purposes, primarily in the international sphere, in an attempt to make these cases look like human rights violations by the Armed Forces.

Gen Blandon stated that the UNTS version of the wound received by Prof Portillo did not convince anyone, because there were witnesses at the demonstration who stated that the bullet that wounded the former leader of ANDES 21 June [21 June National Association of Salvadoran Teachers] came from among the demonstrators and not from the penitentiary, where the guards were stationed.

The military officer stated that contrary to FMLN-FDR allegations, the Armed Forces show true respect for the human rights of all people, including the rebels.

Gen Blandon said he made reference to the rebels because Army personnel of different units, in truly humanitarian gestures, have aided many rebels who were wounded in clashes with the Army and abandoned to their fate in underground caves by their companions, who fled when they realized the Army was approaching.

Finally, Gen Blandon stated that the Armed Forces reaffirms, once again, its determination to continue fighting to achieve peace and an authentic democracy, respecting the liberties that are granted by the Constitution.

Views Demonstrations, Irangate

PA050411 San Salvador EL MUNDO in Spanish 3 Jun 87 p 32

[Excerpts] General Adolfo O. Blandon, chairman of the Joint Chiefs of Staff, yesterday said the High Command has detected the danger of an outbreak of street demonstrations and other actions promoted by certain sectors that will force the Army to make drastic decisions in order to guarantee constitutional order and protect the life and property of honest people.

A foreign newsman asked Gen Blandon why the Armed Froces were so passive about the demonstrations, to the degree that there were rumors about the Army losing authority in that field. Gen Blandon said "it is not easy to make democracy, and we have to pay a price to achieve it." He pointed out that "there are some sectors in the country that are misinterpreting the process of democratization and spend their time provoking the Armed Forces in order to discredit it. Those gentlemen should not forget that everything has a limit and those who bear that provocation should be congratulated for maintaining the process of democratization and freedom. We are happy to see that people use democracy, but we regret witnessing abuses and excesses." [passage omitted]

Gen Blandon explained that a dynamic, not a tactical, war is taking place in this country. For that reason the Armed Forces are carrying out offensives that surprise and demoralize the guerrilla movement. "The Armed Forces have changed their system of action with efficiency and a high morale," Blandon added. [passage omitted]

In answer to questions on Irangate and the contras, Gen Blandon said that people have put on a show in Washington and other places with this case and that although no members of the Salvadoran Armed Forces have participated in any assistance to the contras, who fight against the Sandinists, he has always wanted to help them both militarily and personally.

TWO EXPLOSIONS IN CAPITAL; NO CASUALTIES REPORTED

PA040138 Panama City ACAN in Spanish 0110 GMT 4 Jun 87

[Text] San Salvador, 3 Jun (ACAN-EFE) -- Three bombs went off in this capital this afternoon but did not cause any casualties. However there was some material damage.

The explosive devices were planted in telephone booths in an exclusive residential neighborhood and at the entrance to the Los Heroes quarter in the capital's north and southwest sectors.

The explosions, which were felt throughout the capital, damaged some homes, but no victims have been reported.

No organization has claimed responsibility for the explosions thus far.

CONTRA LEADERS RESOLVE 'MINOR PROBLEMS'

PA052023 Panama City ACAN in Spanish 1706 GMT 5 Jun 87

[Text] Tegucigalpa, 5 Jun (ACAN-EFE) -- The contra leaders who arrived in Honduras at the beginning of the week to hold plenary meetings of the Nicaraguan Resistance left the country today in compliance with the ultimatum issued by the Armed Forces.

The 24-hour deadline set by the Army ended at 0800 (1400 GMT). A commercial Tegucigalpa-Miami flight left exactly at that time carrying Adolfo Calero Portocarrero of the FDN, Azucena Ferrey of the Christian Democracy Party, and Aristides Sanchez of the Liberal Party.

The other contra leaders, independent Pedro Joaquin Chamorro; Alfredo Cesar of the Southern Opposition Bloc; Social Democrat Alfonso Robelo; and Wycliffe Diego of the KISAN [Unity of the Nicaraguan Atlantic Coast Indigenous Peoples], had not arrived in Tegucigalpa because the Honduran military had invalidated their special visas and asked the airlines not to accept them as passengers.

Colonel Enrique Bermudez, commander of the FDN troops, left Tegucigalpa on Thursday for the combat zones in Nicaragua. He had been invited to participate in the plenary meeting but is not a member of the directorate of the recently created Nicaraguan Resistance.

The contras were caught by surprise by the Honduran military, who told them that "constitutionally, no foreigner can conduct political or military activities in Honduras."

The order was issued by the military High Command. No civilian government channels were used to transmit the order, although the appropriate consultations were undertaken, according to military sources who asked to remain unidentified.

In the Honduran chain of command, the president of the Republic is the commanding general of the Armed Forces, and as long as there is no break in the constitutional order, any military decision involving the nation's security must be brought to his attention and receive his approval.

The contras were not able to resolve their affairs in their scheduled plenary meetings, but they used the occasion to hold working sessions with the sections of the Central Intelligence Agency (CIA) and the U.S. State Department, that are under the U.S. Embassy in Tegucigalpa. They resolved a number of minor problems concerning their internal organization and disputes among personnel in the information sections in Miami, Tegucigalpa, and San Jose. According to individuals close to the contras, the contras also discussed the reasons for the disputes, which are apparently caused by differences between the State Department and CIA. According to these sources, the State Department wants to have more influence than the CIA, even in military operations, which the agency has been handling since the appearance of the armed anti-Sandinist movement in 1981.

The contras tried to resolve serious differences between the human rights section, which is led and financed by the State Department, and the military section, which to date has been the exclusive concern of the CIA. The contras also discussed some economic matters of the highest priority for the functioning of several offices, especially those of information and dissemination. They also discussed supplies and some obligations to Honduran creditors, who are quite annoyed by the lack of payment.

Expulsion Denied by Government

PA061237 Buenos Aires REUTER in Spanish 0551 GMT 6 Jun 87

[Text] Tegucigalpa, 6 Jun (REUTER) - Honduras last night denied that it expelled from the country any of the Nicaraguan rebel leaders who use Honduras as a base for their guerrilla warfare against the Sandinist government.

Government and military authorities denied press versions that stated the rebel leaders had been ordered to leave the country. "That is not true," a government spokesman said. "No such decision was adopted here."

The government spokesman added that he had no information on an important meeting held on Thursday by the rebel leaders to discuss their strategy against the Sandinists in neighboring Nicaragua. As in the past, the statements made by the Honduran officials were ambiguous. The government has officially denied the presence of thousands of guerrillas near the border between Honduras and Nicaragua.

'OFFICIAL' REPORT ON CONTRA-ARMY CLASH

PA051608 Tegucigalpa Voz de Honduras Network in Spanish 2300 GMT 4 Jun 87

[Report by Juan Bautista Vasquez]

[Text] Please pay attention to this report that has been confirmed by official sources. On the afternoon of 30 May in the El Aburrido area, Espanol Grande Jurisdiction, there was an armed clash between Honduran Army troops and members of the counterrevolution. Up to now, no one has been arrested and there have been no casualties, according to the reports received by Voz de Honduras Network. We confirm, on 30 May in El Aburrido, a booby trap similar to the ones EPS forces usually set, exploded in that border region. A Honduran Army border patrol was deployed to the area to verify the explosion. The Honduran Army patrol encountered at close range an anti-Sandinist patrol which, in the confusion and surprise at seeing the Honduran Army troops, began firing. Once the Honduran troops returned the fire, the anti-Sandinists retreated into Nicaraguan territory.

It has been confirmed that there were no casualties, and no one was captured, contrary to what was previously reported. We repeat: No one was captured and no one was injured or killed.

Armed Forces' spokesmen were not able to confirm the clash because of poor telephone links to the eastern part of the country. Communications were reestablished today and we were able to receive exact reports on this clash.

HUNGARIAN DAILY INTERVIEWS PRESIDENT ORTEGA

AU041757 Budapest NEPSZABADSAG in Hungarian 28 May 87 p 4

[Interview with President Daniel Ortega by correspondent Csaba Nagy: "A Stop to U.S. Interference Is the Condition for Peace -- Nicaraguan President Daniel Ortega Gives Interview to NEPSZABADSAG" -- date and place not given]

[Text] In the following interview given to Csaba Nagy, our correspondent in Havana, Daniel Ortega speaks about the U.S. aggression against his country, the peaceful settlement of the crisis in Central America, and the successes and difficulties of the Sandinist revolution.

[Nagy] Nicaragua is living amid U.S. threats, border provocation from Honduras, and large-scale attacks carried out by the contras. Nicaragua's friends, among them the Hungarian people who have felt respect and solidarity with your heroic struggle from the start, are genuinely concerned over this explosive situation. How do you evaluate the possibilities of a peaceful solution to the Central American crisis in 1987"

[Ortega] First of all, I would like to express my thanks for the solidarity of the Hungarian people, its working class and their party, for the Sandinist people's revolution.

The so-called Central American crisis is nothing else but the open interference of U.S. imperialism in the area. Therefore, only respect for the norms of international law and a stop to the U.S. intervention policy can lead to a solution of the crisis. As a result of the U.S. aggression directed against our country, 40,027 Nicaraguans died between 1981 and 1987: 2,038 women, 1,996 children, 176 teachers, and 52 doctors were murdered or kidnapped. At present, there are 9,132 war widows in Nicaragua, and more than 250,000 peasants have become homeless as a result of Washington's terrorist policy.

The International Tribunal in The Hague has condemned the U.S. intervention policy in Central America. I would like to mention here the fact that, so far, Nicaragua is the only country among the countries affected by the regional conflict that is ready to sign the so-called peace document worked out by the Contadora Group, and we are also ready to hold talks with the United States without setting preliminary conditions.

[Nagy] The parliament in Nicaragua, which also includes the opposition parties, adopted a new Constitution at the end of last year, a Constitution which, among other things, stipulates the country's nonaligned policy and the maintenance of a mixed economy. What does the new Constitution mean from the viewpoint of Nicaragua's further political development?

[Ortega] The present Constitution in Nicaragua is the first one in the course of our history in which all the people took part in its preparation. The most important interests of the workers, peasants, and other strata of our people are reflected in this new Constitution.

The Constitution stipulates the power of workers and peasants who, in alliance with the intelligentsia, the small proprietors, the patriotic entrepreneurs, the believers, the youth, the children, and the women, are creating the legal and political basis for the revolutionary legality of revolutionary Nicaragua. The new Constitution includes the right to work, land, and culture; the right of the workers to participate in working out and implementing economic plans; and the right of the working class to form associations and defend their rights.

The new constitution also includes the rights of the Indian communities living on the shores of the Atlantic and obliges all Nicaraguans to defend the country's independence, without which democracy is inconceivable.

[Nagy] As a result of its election success, the Sandinist Front has an absolute majority in the parliament. What are the current relations between the Sandinists and the legal opposition like?

[Ortega] The Sandinist National Liberation Front [FSLN] respects the opposition parties that, making use of the possibilities of legality created by the revolution and stipulated in the Constitution, express their opposing political positions, counter opinions, and reservations, if they do all this with the final aim of serving Nicaraguan national interests.

[Nagy] Lately there has been a perceptible relaxation in the tremendous tension between the Catholic Chruch in Nicaragua and the Vatican, on the one hand, and the Sandinist leadership on the other. How much did the positions change, and what are the prospects for further dialogue?

[Ortega] We, the FSLN, have a firm position concerning religion, and this position continues to determine our relationship with the Nicaraguan churches. The essence of this position is that we want to fully respect religious beliefs and freedom of relgion. We also recognize the valuable role played by Christians in the revolutionary process. As for the state-church dialogue, we attribute great importance to the dialogue that has just begun and we are interested in continuing and deepening this process. We also strive to have the best possible relations with the Vatican.

[Nagy] Primarily as a result of the war burden, Nicaragua's economic performance has slowed down and the country's indebtedness has grown. This affects the supply, living conditions, and mood of the population. How do you evaluate the extent of the influence of economic hardhsips on the future of the revolutionary process?

[Ortega] We have to start from the premise that Nicaragua is carrying the burden of an unjust war forced upon her by the strongest imperialist power in the world. As a result of the war, the country has lost $2.821 billion so far. I must stress here that the financial support provided to the contras is not aimed primarily at aiding them to take power but much more to upset the Nicaraguan economy, cause problems for the population, and turn the public mood against the FSLN. In spite of this, I must repeatedly stress that this imperialist policy is doomed to failure. Instead of withdrawing their trust, the population gathered in unity and masses of people are participating in the tasks set out by the revolution: in the coffee harvest and the necessary extra work, in fulfilling their defense obligations, and participating in reserves training. As for our relations with the Latin American countries, I am convinced that Nicaragua's cause is important for every country on the continent which supports our struggle and our national independence and for every country which is ready to change its previous dependence and which is also burdened by huge foreign debts. The Nicaraguan revolution is primarily a Latin American revolution.

[Nagy] Allow me to ask you a personal question. You are a young man, a father of several children. How do you see the Nicaragua in which your children will be adults?

[Ortega] Let me quote the words of Edwin Castro, the revolutionary poet who was murdered in Somoza's prison: " . . . My son, tomorrow everything will be different. Fear will disappear in the depths and its doors will be closed forever by the strong arms of the newcomers." Today, we can already say that the new Nicaragua will be a Nicaragua of peace and freedom.

[Nagy] How do you see the international evaluation of Nicaragua and, within this, its place in the community of Latin American countries?

[Ortega] I think we can count on international solidarity. Progressive mankind and peaceloving people are behind Nicaragua. Our struggle is part of the worldwide struggle for peace. We know that our efforts are appreciated not only by the friendly socialist countries but also by the Nonaligned Movement, and even by the majority of the American people.

PPSC LEADER PROPOSES GOVERNMENT-OPPOSITION TALKS

PA051746 Managua Radio Noticias in Spanish 1200 GMT 4 Jun 87

[Text] Mauricio Diaz Davila, secretary general of the Popular Social Christian Party [PPSC], said this is the best time for talks between the government and the opposition.

According to Diaz Davila, the dialogue should not be held with the FSLN, but with the government of the Republic, specifically with President Daniel Ortega. The dialogue should be the preamble to the Central American presidents' summit, the opposition leader stressed. Here is his statement:

[Begin recording] [Diaz Davila] We believe that the Central American and Nicaraguan situation is so grave that the proposals made within the framework of initiatives promoted by multinational groups such as the Contadora Group, offer no solution to the social, economic, political, and military problems in Central America. Without implying that the Contadora Group has failed, we believe this group continues to offer a Latin American proposal to face the national and regional crisis. Now, the proposal made by Costa Rican President Oscar Arias offers a regional solution, a regional proposal to face the crisis. However, in order for those proposals to prosper and become feasible, both initiatives must include an alternative representing the aspirations, demands, and the agenda of the Nicaraguan civic domestic opposition. In that sense, we believe that in view of the upcoming meeting of Central American presidents in Guatamala -- assuming that it does take place -- the Nicaraguan Government should begin right now a national dialogue with the political parties of the civic opposition, in order to find points of agreement, so the government can take a national proposal to Guatemala, and not an exclusionary, sectarian, or partisan proposal to that summit.

I believe this is the best time for the opposition and government to discuss all the problems the opposition has been confronting, and even the problems the current government is facing. That would be one way to contribute to the international efforts I mentioned previously, such as the Contadora Group and the Costa Rican president's proposal.

If the FSLN refuses to hold a dialogue with its domestic civic opposition, with whom is it going to reach an agreement? If the FSLN continues to play a game of political ostracism, it alone will be responsible for the tremendous disaster our country is heading for because of the war, the economic crisis, and the lack of a clearly-defined and established democratic agenda posing no doubts and having no ambiguities.

The PPSC, as you know, has stated for quite some time the need to reach national agreements to resolve the national problems. However, we repeat, the only responsible party before history, if our demands are not taken into consideration, will be the ruling party. It will lack the moral force or political support to negotiate in Guatemala those issues that it has not discussed, not even with its own nationals.

[Reporter] Does this mean you want a meeting with the FSLN?

[Diaz Davila] We think there should be a meeting between the Nicaraguan Government and the various political parties representing the civic opposition, without exceptions, to listen to the various opinions of the political organizations and to seek an agreement that is urgently needed. We are not requesting just another meeting, or just another bilateral or multilateral meeting with the FSLN, but with the government of the Republic, in order to discuss state and national problems.

[Reporter] You are asking for a direct meeting with President Ortega?

[Diaz Davila] In view of the high position he holds, he should sit down and talk with the domestic civic opposition, just as the president of the Republic would do in any democratic country in the world. [end recording]

MARXIST-LENINIST LEADER ON PARTY'S ROLE IN AREA

PA050311 Managua Radio Noticias in Spanish 1200 GMT 4 Jun 87

[Text] Nicaraguan Marxist-Leninists will collaborate in the creation of Marxist-Leninist parties in the rest of Central America. Preparations are under way for a conclave of Marxist-Leninist parties to be held in Sweden.

Isidro Tellez, leader of the Nicaraguan Marxist-Leninist Popular Action Party, participated in the preparatory meeting in Mexico. Let us hear Isidro Tellez.

[Begin Tellez recording] Yes, we participated in a meeting in Mexico City with four parties: the Marxist-Leninist Colombian Communist Party, the French Workers' Communist Party, and the Mexican Marxist-Leninist Party. Undoubtedly, this was a meeting with some of the parties comprising a multilateral organization which is made up of numerous Marxist-Leninist parties from Germany, Ecuador, Suriname, Sweden, and other countries. This movement, which began several years ago, struggles for the dignity of the Communist Marxist-Leninist international movement and seeks to establish the guidelines for the actions and programs of Marxist-Leninist parties at the international level.

Undoubtedly this was a working meeting to discuss aspects related to a multilateral meeting that will take place in late July in Sweden. We reviewed the topics to be discussed at that meeting, as specified in the agenda, including guidelines for the above movement, as well as guidelines to be followed by the parties in relation to the youth movements at the international level. One of the basic points to be discussed will be the parties' media sources, as they are tools for maintaining constant communication with the masses reflecting [words indistinct] to agree on common tactics to struggle against imperialism, the bourgeoisie, Social Democracy, and revisionism. Logically, another topic discussed at the meeting was the preparation for the international youth camp which will be held in France in early August, in Madrid [as heard].

It was a working meeting, which also served to strengthen the ties with other Latin American parties, in this case with our comrades in Mexico. We have strengthened the relations between our party and that brother party. That is what I can tell you about the meeting. It was a trilateral [words indistinct].

We issued a joint communique stressing the task that will contribute to unifying the Marxist-Leninist parties in Latin America. We reaffirmed our position regarding a document that our party and the other member parties of the multilateral movement signed in Quito. [Words indistinct] Quito document [words indistinct] the movements of other parties that are not taking part in this (?new) movement, but that contribute to the unification of all parties. It also outlines task to contribute to the organization and development of Marxist-Leninist parties wherever they do not exist.

In this regard, here in Central America our party is committed to struggling for the creation and organization of Marxist-Leninist parties in the Central American area, that is, in Honduras, El Salvador, and Guatemala. Those are tasks undertaken by the movement. Of course, we strongly reaffirmed the validity of the Quito document, because that document establishes guidelines for the movement's organizational development and strengthening. [end recording]

EPS THWARTS CONTRA ENERGY TOWER SABOTAGE

PA052243 Managua Domestic Service in Spanish 0300 GMT 5 Jun 87

[Report by Francisco Flores from Matagalpa]

[Text] La Voz de Nicaragua has learned that terrorists failed in their attempt to blow up a high tension tower yesterday. At a news conference held this afternoon for local and foreign newsmen, Lieutenant Colonel Manuel Salvatierra, Region 6 military chief, reported that the terrorists have suffered over 600 casualties in Region 6 alone over the last 2 months.

In addition, Lt Col Salvatierra confirmed that important clashes against the enemy are taking place in Matagalpa and Jinotega Departments. The enemies are moving deep into the mountains of those departments. Our troops are inflicting considerable casualties on them.

Lt Col Salvatierra stated that the EPS confiscated many weapons including RPG-7 grenade launchers and heavy machineguns. Lt Col Salvatierra also said that yesterday counterrevolutionary groups tried to blow up a high tension tower south of the Central American Energy Plant, but that the attempt was thwarted. Salvatierra added that the counterrevolutionaries will carry out those terrorists actions in the coming months to justify their presence in Region 6.

Regarding the celebrations of the 8th anniversary of the Sandinist People's Revolution, Lt Col Salvatierra stated that the celebrations take place thanks to the will of the people's Armed Forces and the total support given by the EPS which is comprised of industrial and agricultural workers, peasants, technicians, and professionals.

INTERVIEW WITH RETIRED COL DIAZ HERRERA

PA071752 Panama City LA PRENSA in Spanish 7 Jun 87 p 1a

[Article by Jose Quintero de Leon; words between slantlines published in italics]

[Text] Yesterday, retired Colonel Roberto Diaz Herrera confessed to several reporters that the electoral fraud of the past elections was carried out in his own home. He said he has evidence to solve the Hugo Spadafora crime, and noted that he bought his million-dollar mansion with "the share" he got from visas sold to Cuban immigrants.

In an impromptu interview called by the former chief of the General Staff to confront what he described as a plan to portray him as a mentally ill person, Roberto Melanio Diaz Herrera cleared his conscience and said he is "at the disposal of the justice of God and men."

Diaz Herrera appeared nervous, although he tried to hide it by assuming an unconcerned attitude. He was wearing a Brazilian-type pink shirt, gray pants, and slippers. His wife, Maigualida de Diaz Herrera, was sitting next to him, dressed in a simple manner. She appeared to be on the verge of tears. She told reporters that she holds General Noriega and Colonel Purcell responsible for anything that may happen to her family.

Diaz Herrera said that 10 days after his retirement he realized that "here in Panama there is such fear that not even the newspaper LA PRENSA dared to publish the interview he granted to Channel 13," the cassette of which he had sent to the newspaper because that channel had "omitted certain things."

The reporters who answered Diaz Herrera's call, in addition to this reporter, were Norma Nunez Montoto of the IPS news agency, Raimundo Lopez of PRENSA LATINA, Rafael Candanedo of ACAN-EFE, and photographers Luis Jimenez of QUIBO and Aurelio Jimenez of LA PRENSA. Dalys Vargas, Ruben de Gracia, and later, Reverend Rosendo Torres of Radio Hogar -- who promised to accompany the former military officer in what he described as "a wake for dignity" -- were also present.

"I am not more courageous than anyone else, I am very much afraid right now and I want to share this fear with you," he said, when asked if he feared for his life because he was making the disclosures. He added: "They [not further identified] have already ordered my assassination...on Wednesday, 3 June...why? What have I done? I carried out the fraud. I stole this house. I already confessed that...but we are going to unburden ourselves [pero vamos a quitarnos cosas]...I am very much afraid for my family." [sentence as published]

He said that if he dies he wants to be cremated and have his ashes placed next to his mother's, and he hopes that his entire body will be found.

He admitted he is afraid and that the Sunday prior to his retirement he called the Apostolic Nunciature to invite the nuncio to his house, because he needed religious company. However, neither the nuncio nor the Metropolitan Curia answered his call because there was already talk that they [not further identified] were going to retire." He said that not even "gutsy" Father Fernando Guardia or Father Villalobos heeded his call, because "they knew there were problems already."

Diaz Herrera said "he could offer details" on how in his own home and "at another place in the Golf neighborhood," the fraud to elect Dr Nicolas Ardito Barletta was completed in the presence of Electoral Magistrates Rolando Murgas Torraza and Yolanda Pulice de Rodriguez.

Asked what he knew about the death of guerrilla-doctor Hugo Spadafora, Diaz Herrera said "he was a guerrilla and a politician" and "things could be cleared up with former prosecutor Calvo...and certain people." He added emphatically: "I do not agree with that crime. I never agreed with it...however, I have even been accused of being its mastermind...LA PRENSA called me the mastermind, but you can ask Dr Ricardo Velasquez -- Spadafora's closest friend -- if I had anything to do with it...let his brother Winston say if I had anything to do with it...I repeat, I do not want to accuse anyone. I have to protect things. I repeat what I said in yesterday's interview, which was not shown, one keeps state secrets as a responsible individual."

Diaz Herrera admitted that the Defense Forces were tapping telephones in Panama because "this is done by all government leaders in all countries. Spain, Cuba, the United States, and the Soviet Union use electronic tapping to spy on telephone conversations...what can we do? Those are occupational hazards." He also mentioned that he had listened to conversations of LA PRENSA personnel and of certain opposition politicians because it was his duty as chief of state security.

"I know how LA PRENSA has been gagged too. It must be that they [not furter identified] threatened to bomb it, just like that job done on the rotary press, when a little damage was done to it...[General Ruben Dario] Paredes was in power; friend, I was there, I know how it was done...I imagine that now they [not further identified] told LA PRENSA that they are going to /screw/ [joder] [LA PRENSA columnist Guillerno] Sanchez Borbon, or they are going to /screw/ someone else...but a newspaper man is a newspaperman. He is courageous. I am not one bit courgeous and if it is my turn now, I am shaking," Diaz Herrera said, while touching the hand of QUIUBO's Luis Jimenez so he could feel him tremble.

Commenting on the removal of former President Ardito Barletta, he said: "I was not in full command in this country. I have had shares of power, little pieces of the cake." Then, he added: Do you know how many hours I spent with my personal friend, even if he does not want to be my friend, Nicolas Ardito Barletta? He is a hard working man. He is married to a very honest woman and has a profoundly Christian family. Romulo Escobar, Dr Jorge Abadia, General Noriega, Colonel Justine, and later Gerardo Gonzalez arrived...It took me 14 hours to twist Nicky Barletta's arm...Good heavens, it is public knowledge...it is voz populi!

He recalled that he admitted in the televised interview that his house "was half-stolen because it was built with the money of the people who came from Cuba, from the visas. They [not further identified] gave me that money and I gave it to Maigualida, my wife. Oh, but there was not just one package, there were three packages...and I grabbed one..."

He justified his action, recalling the advice of his mentor and cousin, the late Omar Torrijos, who told him there was no one who was chemically pure [quimicament puro]. "He gave me a tip...[he said] do not be a /sucker/ Roberto. If you act too straight, too honest, anything can happen to you."

An interesting disclosure made by Diaz Herrera dates back to the days of the visit of the shah, Mohammed Reza Pahlavi, who was received here allegedly for "humanitarian reasons." According to the retired military officer, General Torrijos set up a numbered Swiss account of $12 million, a sum given by the sick and persecuted shah. Torrijos in turn transferred the account "to the 12 guys of the General Staff so they would stop going after contracts, because the truth is that some times we were very greedy."

In tomorrow's issue we will publish the complete text of the statements made by Col Diaz Herrera, retired, last night.

PRD President on Retirement

PA052311 Panama City Televisora Nacional in Spanish 0000 GMT 5 Jun 87

[Text] Dr Romulo Escobar Bethancourt -- president of the largest party within the [government coalition] UNADE [National Democratic Union], the PRD [Democratic Revolutionary Party] -- has pointed out: My position as PRD president has not been affected by the retirement of Colonel Roberto Diaz Herrera [chief of General Staff of the Panamanian Defense Forces], because I was not elected by the FDP or the high-ranking military officer who has retired.

Dr Escobar Bethancourt made the remark when referring to his personal stand and that of the party concerning Col Diaz Herrera. Our ties with the FDP are deep, and date back to the early stage of the revolution [1968], and therefore we have always considered -- and still consider -- our military forces as the armed branch of the PRD, Dr Escobar Bethancourt emphasized. He added that any leftist movement within the party has not been weakened, and therefore all speculations to this effect are unfounded.

Politicians View Retirement

PA050419 [Editorial Report] Panama City LA PRENSA in Spanish on 4 June publishes on page 26a under the heading "Politicans Comment on Diaz Herrera's Retirement" a 1100-word article by staff writers Wilfredo Justavino, Jose Quintero de Leon and Manuel Alvarez on the reaction of politicans in Chiriqui Province to the recent retirement of Colonel Roberto Diaz Herrera from the post of chief of staff of the Panama Defense Forces, FDP. The article states that most Chiriqui politicians feel this retirement will not produce any change in the status of the military in Panamanian politics.

Jose Domingo Torres, secretary general of the Christian Democratic Party, in Chiriqui, is cited as saying that while this is a blow to Torrijism, the Diaz retirement will not strengthen democracy in Panama, because what will contribute to democracy is not "an isolated retirement,...but a professional armed institution that does not interfere in the country's partisan and political life."

Edgar de Puy, coordinator of the Authentic Panamenist Party in Chiriqui, the article states, believes the removal of Col Diaz Herrera to be part of the usual FDP reshuffling, and simply a part of a systematic plan to enable the FDP to remain in power.

According to the article, Sergio Anguizola, president of MOLIRENA [Nationalist Liberal Repubican Movement] in Chiriqui, believes Col Diaz Herrera's retirement occurred under the same circumstances as the retirements of former President Aristides Royo, Ricardo de la Espriella, and Nicolaes Ardito Barletta. He is quoted as saying that the retirement marks the definite end of Torrijism and that it will cause a "schism" within the Democratic Revolutionary Party, PRD, because the party will no longer have political support within the General Staff.

In Panama City, the writers talked with PRD legislator Hugo Torrijos, who is quoted as saying that Col Diaz Herrera's retirement does not necessarily mean the end of Torrijism. According to the article, Torrijos does not believe the change will weaken the PRD, and said he doe not know if Diaz Herrera, his cousin, had presidential ambitions.

In closing, the article reports that PRD legislator Guillermo Cochez has requested that the National Assembly president find out if Col Roberto Diaz Herrera and the new General Staff officers have submitted sworn financial statements as required by the National Constitution..

BRIEFS

ALLEGED DRUG TRAFFICKERS DIE -- Two Colombian drug traffickers have died here. One of them, Antonio Jose Uribe Herrea, 44, who arrived in Panama on a flight from Cali, Colombia, was found dead in his hotel room as a result of the rupture of 1 of the 30 cocaine bags he had swallowed to evade detection. Another Colombian, John Jairo Torrecilla, was shot by members of the Panama Defense Forces Special Narcotics Division when he attempted to avoid capture. His accomplice, Armenio Blandon Chaverro, was arrested. Narcotics agents found 4 kg of pure cocaine, 2 packages of 130 grams of bazuco, 3,240 balboas, and a .38 cal revolver in a house in Cativa on the Atlantic Coast that has been occupied by Blandon and Torrecilla. [Summary] [Panama City MATUTINO in Spanish 5 Jun 87 pp 3, 14 PA]

PASSAGE, 'TEXT' OF DUE OBEDIENCE LAW REPORTED

PY051538 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1136 GMT 5 Jun 87

[Text] Buenos Aires, 5 Jun (NA) -- The Due Obedience Law with Senate modifications, which the Chamber of Deputies has approved, differs only in its first article from the original draft submitted by the executive branch. It now extends impunity to "the high-ranking officers who did not hold the posts of commander in chief, chief of zone, chief of sub-zones or chief of security, police, or penitentiary force."

This clause, which means the acceptance of a "cutoff by function" -- which had been demanded by Army Chief of Staff General Dante Caridi -- instead of by rank, was virtually imposed by the two senators from Corrientes Province who gave the Radical bloc the necessary support to approve the bill.

The Chamber of Deputies received the bill on 13 May and it approved the draft without modifications.

The final version, the text of which follows, thus includes an addition -- the second paragraph of Article 1 -- to the draft submitted by the executive branch.

Following is the text of the law:

"Article 1. It is presumed, without admitting evidence to the contrary, that on the date the incident took place those who held the rank of officer-commanders, junior officers, noncommissioned officer, and private in the Armed Forces and the security, police, and penitentiary forces cannot be punished for the crimes mentioned in Article 10, Point 1, of Law 23.049, because they were operating under due obedience.

"The same presumption will be applied to the higher-ranking officers who did not hold the post of commander in chief, chief of zone, chief of sub-zone, or chief of security, police, or penitentiary forces, if the courts do not decide within 30 days after the signing of this law that such officers had the power to make decisions, or that they participated in the drafting of orders.

"In such cases it will be legally understood that those persons operated under coercion, and that they were subordinate to higher authority and carried out orders without being able to inspect, oppose, or resist the orders as related to their timeliness and legitimacy.

"Article 2. The presumption that has been established in the previous article will not be applied to the crimes of rape, the abduction and hiding of minors, or the changing of their legal status and to the acquisition of real estate through extortion.

"Article 3. This law will be applied automatically. Courts that have pending trials -- no matter how far such trials have proceeded -- will, 5 days after this law takes effect, hand down the decision outlined in Article 252-B of the Military Code, or they will annul the order to testify before the court, depending on the case.

"The silence of the court during said period of time will automatically put into effect the measures mentioned in the previous paragraph."

"If the court does not know the rank that the person who has to testify held at the time of the incident, the deadline will run from the time the court receives the certificate or report signed by a competent authority that accredits said rank.

"Article 4. Without detriment to what is contained in Law 23492, in the trials in which the deadline provided for in Article 1 of said law does not come into effect, the persons mentioned in Article 1 cannot be called to testify.

"Article 5. Regarding the decisions on how this law is to be applied, an ordinary appeal will be made to the Supreme Court, which will have 5 days to make a decision, if the decision is accepted outright, the 5 days will run from the time the decision was accepted in accordance with the provisions of this law.

"Article 6. Article 11 of Law 23049 cannot be applied to the persons mentioned in Article 1 of this law.

"Article 7. Submit to the executive branch."

TWO NUCLEAR PLANTS HALT PRODUCTION FOR 'SECURITY'

PA061636 Paris AFP in Spanish 1536 GMT 6 Jun 87

[Excerpts] Buenos Aires, 6 Jun (AFP) -- Argentina's two nuclear plants have stopped operations for security reasons and lack of maintenance work. This is a new result of the crisis affecting the National Commission for Atomic Energy (CNEA), it was learned in this capital today.

Yesterday, the Atucha I (located 100 km north of Buenos Aires) and Embalse in Cordoba Province) plants stopped supplying the 1,000 megawatts of electricity they normally supply to the country's power system.

The CNEA explained that the plants were taken out of service for "security" reasons because of the strikes the nuclear plant employees began some weeks ago are creating a discouraging environment among the personnel. At the same time, they create the conditions for a "human error" of unforeseeable consequences, considering the delicate environment.

The CNEA added that the accumulation of corrective and preventive maintenance tasks has increased to such an extent that the paralyzation of the two plants became essential.

The commission employees' labor conflict is caused by the months-long delay in a promised salary adjustment. The delay results from the Economy Ministry's refusal to allocate the funds.

The Finance Ministry's refusal to supply the necessary and already-promised foreign exchange led to the recent paralyzation of work on the third nuclear plant, Atucha II, and on the Arroyito heavy water plant. [passage omitted]

Official sources of the power services today reported that for the moment the paralyzation of the nuclear plants will not affect the energy supply. However, they said that this "will only be the case in normal conditions"; in other words, if there is no extraordinary demand or if there is no drop in the water level at the Salto Grande and El Chocon hydroelectric plants.

SEGBA President Comments

PY062315 Buenos Aires DYN in Spanish 1958 GMT 6 Jun 87

[Excerpt] Buenos Aires, 6 Jun (DYN) -- Juan Jose Valdettaro, president of Greater Buenos Aires Electrical Services (SEGBA), today told DYN that the stoppages at the nuclear plants Atucha I and Embalse will not affect the National Energy Network (SIN) and, therefore, "we are not contemplating any power cuts."

Valdettaro has said that SEGBA is currently producing 1,500 and not 800 megawatts, as some news media have stated. He admitted, however, that the country will pay more if it cannot use the cheap energy produced by the nuclear plants. Valdettaro said that the power plants in question only supply 10 percent of the total SIN needs, but that the system has a 40 percent power reserve.

However, he warned that SEGBA can only guarantee service "for normal conditions." A high consumption situation produced, for instance, by cold weather or a large drop in the level of Uruguay River preventing Hidronor and Salto Grande Dams from producing normally, "could cause problems," Valdettaro said. [passage omitted]

BRIEFS

CURRENCY DEVALUATION -- Buenos Aires, 2 Jun (NA) -- On 2 June the Central Bank enforced an 0.80 percent devaluation of the Argentine currency, setting the buying rate at 1.629 australs to the dollar and the selling rate at 1.635 australs to the dollar. [Summary] [Buenos Aires NOTICIAS ARGENTINAS in Spanish 1556 GMT 2 Jun 87 PY]

ENERGY PRODUCTION DECLINES -- (DYN) -- The production of energy resources in Argentina remained on a downward course in April, according to the latest report by the YPF [Government Oil Deposits] State Oil Board, with oil output two percent down on March and gas falling by nine percent. Crude oil production was 1.94 million cubic metres in April 7.64 million cubic metres so far this year, 9.7 percent less than the 8.46 million cubic metres in the same period last year. The refineries converted 1.38 million cubic metres of this crude into petrol, or 2.4 percent less than March, while the 5.44 million cubic metres total for 1987 represented a 6.7-percent slump as against last year. Gas production was 984,000 cubic metres in April and 4.24 million cubic metres thus far this year or four percent less than 1986. However, 173 exploratory holes have been drilled so far this year towards the 1987 target of 892, which is 60 percent higher than last year's figure of 561. [Text] [Buenos Aires BUENOS AIRES HERALD in English 2 Jun 87 p 3 PY]

HI-TECH INVESTMENTS -- (DYN) -- The Industry and Foreign Trade Secretariat yesterday approved a project to invest 14.3 million dollars in computer related activities in the Province of Mendoza. The French Bull computer conglomerate will be responsible for the project, which will employ 160 people in the production of hi-tech equipment. This was the last of the so-called "large" projects pending in the Economy Ministry, the remaining ones considered of lesser importance. [Text] [Buenos Aires BUENOS AIRES HERALD in English 2 Jun 87 p 3 PY]

TRADE BALANCE WITH JAPAN -- (DYN) -- Argentina's 1986 trade balance with Japan had a 142 million dollar surplus, the Japanese Embassy announced yesterday. The information, coming from the country's Finance Ministry, said that exports to Japan added to 503 million dollars (up by 13 percent from 1985) against 361 million dollars in imports (up by 60 percent). Corn exports rose significantly (234 percent), while Argentina's imports consisted basically of industrial products, raw materials and fuels. Argentina's surplus topped 232 million dollars in 1983. [Text] [Buenos Aires BUENOS AIRES HERALD in English 2 Jun 87 p 3 PY]

U.S. FORCES LAUNCH ANTINARCOTICS CAMPAIGN

PY052021 La Paz La Red Panamericana in Spanish 1130 GMT 5 Jun 87

[Text] A news agency report datelined La Paz has reported that a group of 20 U.S. Army officers, 60 U.S. DEA agents, and the Bolivian police have launched a series of operations against drug trafficking rings in Bolivia.

A Bolivian news agency has reported that the joint U.S.-Bolivian force have launched an offensive against drug trafficking gangs operating in the Chapare region, 400 km east of La Paz; and in the Santa Cruz and Beni Departments, which are located to the east and northeast of La Paz, respectively. The news agency EFE reports that according to the same sources of group of 30 DEA agents and 20 U.S. military officers have established a base of operations in the Chapare region where it is presumed the majority of coca base producers operate.

The news agency also reports that the U.S. detachment relies on the permanent support of Bolivian police officers specialized in the fight against drug trafficking, that is UMOPAR, Mobile Unit for Rural Areas. Another group of 10 DEA agents have been deployed to Santa Cruz to launch various antidrug trafficking operations in this and other cities, while 20 DEA agents have been deployed to the Beni Department.

The last time the Bolivian police launched a joint antidrug trafficking operation with U.S. forces and DEA agents was in an operation carried out from June through November 1986 which was called "Oven Buster." On that occasion, the joint operation encompassed the deployment of personnel and equipment through the Santa Cruz and the Chapare regions. The joint forces, nevertheless, neither arrested any important drug traffickers nor confiscated large quantities of cocaine.

The incident that occurred in Huanchaca on 10 September 1986, when three members of a scientific Spanish-Bolivian expedition were murdered, hastened the exist of the U.S. troops from Bolivian territory. The presence of U.S. troops in Bolivian unleashed a wave of protests from different social sectors and was the cause of congressional investigations. On 2 June a medium-size bomb exploded at UMOPAR offices in Cochabamba.

FOREIGN MINISTRY REQUEST FOR SEA OUTLET

PY060213 La Paz La Red Panamericana in Spanish 2135 GMT 5 Jun 87

[Text] In order to inform our listeners about the issue, we have summarized a long document on the Bolivian request made to Chile in Montevideo, which has been released by the Foreign Ministry. The document reports on the Bolivian request for a corridor or a land strip to be made part of Bolivia's useful, sovereign territory, and also presents two other alternatives consisting of enclave areas in Chilean territory. Here are the details of the document:

According to what was formally decided between the Chilean and Bolivian foreign ministers during their preliminary talks held last year in Bogota, New York, Lima, and Guatemala, and which resulted in the creation of a Binational Rapprochement Commission, the Bolivian Government has the honor of announcing the basic elements for the negotiations to be started between the two countries in Montevideo.

Therefore, we find it proper to present to the honorable government of Chile the following outline of the basic proposals to be used in the upcoming negotiation.

1. That the Chilean Government grant Bolivia a useful sea coast for its sovereignly use, to be connected to Bolivian territory by a sovereign land strip. This strip is to have the following borders:

Northern border -- the Concordia Line, current Peruvian-Chilean border, up to point B, the intersection of the Bolivian-Peruvian border.

Southern border -- from the northern part of the city of Arica -- included are, infrastructure, services, port facilities -- up to the first bridge on the Lluta River, in the Arica-Tacna and Arica-La Paz railroad crossings, and on the Panamericana road between Arica and Tacna.

Natural border -- The course of the Lluta River up to the eastern point of (Colonel Alcerca), and, last, a geodesic line leading to the 13th point of the Bolivian-Chilean border.

In this way, Bolivia should be granted the right to use the stretches of the Arica-La Paz railroad, and of the Sicasica-Arica oil pipeline, which are in Chilean territory. The road [name indistinct) to Palo Quemado, according to the Arica map 1700-6800, published by the Chilean Military Geographic Institute, should also be used by Bolivia.

In order to calculate the area, and definitely delimit the borders of the strip, the Bolivian-Chilean Commission for Border Delimitation will meet and discuss the new national borders, according to Article 1 of this document.

That the Chilean Government grant Bolivia the maritime waters between the base line delimiting the sea coast mentioned in Article 1 of this document.

On its sea coast, Bolivia will apply the principles and regulations established by the UN Convention on Rights of the Sea, which are adopted by the coastal countries.

Through bilateral agreements, Bolivia and Chile will seek to achieve mutual cooperation for the exploration and use of the sea and land natural resources, also according to the regulations of the UN convention.

The Bolivian Government promises to respect the legal rights of the private citizens inhabiting the strip of land to be granted by the Chilean Government.

The rest of the lengthy document released by the Foreign Ministry says:

The Bolivian Government will see to it that the land strip, sea coast, and territorial waters complement the development and a greater integration of the Arica and Tacna regions. It will also respect the international rules that govern the land strip.

The Bolivian Government is also ready to [words indistinct] physical, economic, and cultural integration with the Chilean and Peruvian Republics. Therefore, this document also foresees the participation of Peru in the agreements.

In order to obtain its request, in an attempt to meet the great challenges of the approaching 21st century, and to stimulate the creation of settlements and towns in the region, the Bolivian Government proposes to the Chilean Government to establish a binational commission to study a rational way of using the rivers and lakes of the Bolivian highland basin, with great care to preserve the ecological balance, the climatic characteristics, and the vital necessities of the Bolivian population.

The hydrological resources may contribute to better and more numerous systems of irrigation, and a better generation of hydroelectric energy for the Chilean region of Arica, and strip of land to be given to Bolivia. The region's streams, rivers, and lakes may also increase the volume of the Lluta River.

In an attempt to create a development center in the region covering Arica, the land strip to be given to Bolivia, and Tacna, the Bolivian Government proposes to establish a second binational commission to research and explore the energy, mineral, agricultural, and cattle raising resources that Bolivia, Chile, and Peru can contribute. At the appropriate time, Peru will be invited to be part of this commission. Thus, the three nations will take part in this proposal.

A map showing the region to be used as a Bolivian corridor to the sea has also been released. It has the shape of a mouth beginning in Bolivia and reaching the Pacific Ocean.

If this first propsal is rejected, the document presents a second one:

2. The Bolivian Government presents a proposal for the concession of a land and sea enclave in northern Chile that does not affect the Chilean territorial continuity. This enclave must be connected to the Bolivian territory through roads, and oil pipelines which will also be used by Bolivia. The proposal also foresees the construction of an airport on the enclave.

This second alternative also shows, through a map released to the media, how Bolivia can reach the Pacific Ocean through this enclave.

The other enclave proposal will not interrupt the Chilean coastline, although there will be sea areas to be considered as Bolivian.

This is a summary of the three memorandums [number as heard] released this afternoon by the Foreign Ministry. They express what Bolivia is requesting and proposing to the Chilean Government. In this way, the Bolivian people have been informed of what has taken place in Montevideo, during the Bolivian-Chilean talks.

MNR LEADER SAYS PAZ' HEALTH 'PERFECTLY GOOD'

PY051421 La Paz La Red Panamericana in Spanish 1130 GMT 5 May 87

[Excerpt] Acting MNR [Nationalist Revolutionary Movement] President (Jose Luis Sar) has reiterated that President Victor Paz Estenssoro is in perfectly good health (Sar) said that the president enjoys remarkable vitality and that he is completely devoted to governing the country. He further stated that the purpose of the frequent meetings of the MNR political command is to analyze the steps that the MNR will take in the upcoming municipal elections. [passage omitted]

FINANCE MINISTER SEEKS DELAY IN IMF REPORT

PY060125 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 5 Jun 87 p 22

[Text] Brasilia (AGENCIA ESTADO) -- Finance Minister Luiz Carlos Bresser Pereira has asked the IMF to delay the filing of a report on the Brazilian economy for 2 or 3 weeks. The report is being prepared by an IMF delegation that recently visited the country.

Bresser Pereira has requested that the IMF report be delayed in order to give time for the IMF to receive the new Brazilian economic stabilization plan, currently being prepared by the Finance Ministry. As soon as the plan is completed, and President Sarney approves it, Bresser Pereira will promptly send the IMF a copy.

According to the Brazilian finance minister, if the IMF report is completed without taking into account the new Brazilian economic strategy, it might hurt Brazilian interests because the mission that recently visited Brazil (in compliance with Article 4 of the agreement) left the country without having any notion of the government's new plan, which is designed to adjust the economy, and to resolve critical issues such as the need to balance the balance of payments and to curb the high inflation rate.

Bresser Pereira thinks that after reading the new Brazilian economic stabilization plan, which should be ready in 2 or 3 weeks, the IMF conclusions will be more favorable to Brazil.

The Brazilian finance minister regards the conclusions of the IMF report as very important for Brazil. The IMF report has a significant influence in shaping the opinion of government officials in the developed countries.

Bresser Pereira also wants to delay the Brazilian negotiations with the Paris Club until the new economic stabilization plan is ready because, just as with the IMF, he feels that Brazil will obtain more advantageous terms in its negotiations with the developed countries after the implementation of the plan.

Views 'Crisis'

PY061928 Sao Paulo Radio Bandeirantes in Portuguese 1600 GMT 6 Jun 87

[Text] Meeting with a group of Sao Paulo businessmen, Finance Minister Luiz Carlos Bresser Pereira said that recession is an undeniable fact. He admitted that the situation is difficult, but that, in his view, the crisis is more financial than economic in nature.

BRIEFS

COCAINE SEIZED -- Policemen from the Drug Division of the State Crime Investigation Department yesterday seized 10 kg of cocaine from Jose Palhares Filho, a physician who worked at the Humaita Hospital in Sao Paulo. Palhares Filho was keeping the cocaine in a cabinet at the hospital. The police acted on a tip from Jorge Henrique Parra, an Argentine, and Claudio Oracio Fidalgo, a Colombian, who supplied the drug to the physician. [Excerpts] [Rio de Janeiro O GLOBO in Portuguese 4 Jun 87 p 10 PY]

STATE OF EMERGENCY 'RENEWED' FOR 90 DAYS

PY061826 Santiago Domestic Service in Spanish 1700 GMT 6 Jun 87

[Text] According to a decree issued by the Interior Ministry, the state of emergency has been renewed for another 90 days in regions, provinces, and municipalities throughout Chile.

In addition to the 90-day renewal of the state of emergency, the decree mentions the appointment of national defense chiefs and their alternates for the emergency zones.

Moreover, Article 2 of the decree establishes that all military personnel, forces of order, and policemen in the jurisdiction of the emergency zones will be subordinate to the respective emergency zone chief.

BOLIVIA OFFERS POWER, GAS, WATER FOR SEA OUTLET

PY051942 Santiago Radio Chilena Network in Spanish 1700 GMT 5 Jun 87

[Text] Hydroelectric power, natural gas, and water resources are the three main compensations that Bolivia has offered to Chile in exchange for an outlet to the Pacific Ocean.

We will now contact our international press office to learn the details of this report, which is datelined La Paz, Bolivia. Is this correct, Carlos Solar? Good afternoon.

[Begin Solar recording] Good afternoon, Jaime. That is right. Here is a report datelined La Paz. Hydroelectric power, natural gas, and water resources are the three main compensations Bolivia has offered Chile in exchange for a corridor to the Pacific Ocean, official sources reported in La Paz today.

Although the full text of the proposal will be delivered to the press by Foreign Minister Bedregal in the next few hours, some mass media have managed to learn the main portion of the proposal. According to the scoop, the corridor to be used by Bolivia will comprise an area between the Concordia line, on the Peruvian-Chilean border, and the Lluta River, which flows into the Pacific Ocean south of the Chilean port of Arica. The report adds that since this territory belonged to Peru before the War of the Pacific, it is necessary for Peru to authorize its transfer to Bolivia by virtue of the Chilean-Peruvian agreement signed in 1929.

In exchange for the corridor, Bolivia would immediately give Chile water resources and natural gas, while a hydroelectric dam would be built in the medium-term on the Chilean-Bolivian border. This would involve a 35-kilowatt hydroelectric dam capable of satisfying the needs of a city of 250,000.

In addition, it has been reported that Bolivia has nearly completed negotiations with the Soviet Union to secure a $1-billion credit for the construction of the (El Bala) Hydroelectric Dam on the border of La Paz and Beni Departments. This dam will not only be capable of satisfying the needs of northern Chile but also those of border areas in Peru and Brazil.

It was reported that the Chilean response to this proposal will be reported in the next few weeks. This report was datelined La Paz, the most important news on this issue. Go ahead, Jaime. [end recording]

Thank you, very much.

Right, this is the Bolivian personnel, which has been unofficially learned, according to reports datelined La Paz, Bolivia. Let us say that we think the official text will be simultaneously released today at the Chilean and Bolivian Foreign Ministries in Santiago and La Paz, respectively.

Foreign Ministry Reports Offer

PY052125 Santiago Radio Portales in Spanish 2000 GMT 5 Jun 87

[Relay from the Foreign Ministry by reporter Veronica Rodriguez]

[Text] Chilean Foreign Minister Jaime del Valle revealed a moment ago the Bolivian proposal for solving its landlocked situation. Bolivia has asked Chile to grant a corridor to the sea or one of three proposed enclaves. Chilean Foreign Minister Jaime del Valle has revealed the text of the proposal made by the Bolivian Government in Montevideo last April. The document consists of two memorandums that offer different options. Minister del Valle explained that the main difference between this new proposal and the one made in Charana in 1976 [year as heard] is that on that occasion Bolivia requested a corridor and an enclave. However, this recent proposal requests either a corridor or one enclave.

In exchange for a corridor or an enclave, Bolivia offers 2,800 square meters as an indemnification for all civil construction works that exist in the area, and to pay an amount of money to be determined by Chile. Compensation which Bolivia also offers includes: increasing the flow of the Lluta River, the joint use of the waters of the Lauca River, and the building of a gas pipeline to be used by Chile parallel to the Sica Sica pipeline.

BOMB EXPLODES; 21 ARRESTED IN DEMONSTRATION

PY070119 Madrid EFE in Spanish 0056 GMT 7 Jun 87

[Text] Santiago, 6 Jun (EFE) -- A low intensity bomb exploded today in a poor sector of the western part of Santiago causing minor damage, but no casualties. In another incident 21 people were arrested during a demonstration in downtown Santiago. The explosion occurred this morning on a street in the Rosevelt District. Two hours earlier the police deactivated another bomb found in the San Miguel District, southern Santiago.

Twenty-one people were arrested during an antigovernment demonstration in downtown Santiago. The police broke up the demonstration. The press agency NOTICIAS ARGENTINAS reported that the people who were arrested were released this afternoon.

BRIEFS

TRADE FIGURES REPORTED -- The Central Bank yesterday reported that there was a $176.7 million surplus in the trade balance as of 30 April 1987. This is a result of exports worth $472.1 million and imports worth 295.4 million for Chile during the first 4 months of the year. [Excerpt] [Santiago LA TERCERA DE LA HORA in Spanish 23 May 87 p 14 PY]

GOVERNMENT 'WILL NOT NEGOTIATE' WITH ELN

PA052349 Bogota EL TIEMPO in Spanish 3 Jun 87 pp 1-a, 8-a

[Text] The Colombian Government yesterday said that the ELN [Army of National Liberation] has not made good its word to stop its attacks against oil pipelines and warned that it will not negotiate a change in the government's energy policy with this guerrilla organization.

The announcement was made by presidential adviser Carlos Ossa Escobar, who had an informative meeting with the Liberal National Directorate [DNL] and the Central Political Commission about the progress of the national rehabilitation plan and its financing mechanisms and forecast.

The ELN said in a communique released a few hours ago through the news media that it would cease its violent actions against oil installations if the government lowers the price of fuel and public services, imposes a $800 million fine on the Occidental Oil Company, and establishes a $1 "social tax" for every barrel fo crude oil extracted by multinational enterprises.

In addition, the ELN requested that the contracts be revised and that national interests prevail above foreign ones.

In response to these proposals, Ossa Escobar, said that the ELN has not stopped attacks against oil pipelines, which are national property, and that such actions are repudiated by the people.

He also warned that no negotiation will be conducted on the conditions set by the ELN because the government's energy policy "will not be negotiated with an armed minority who attempts to destroy national property."

Ossa also said that the government has no official information about a mass mobilization of several FARC fronts and their leaders from La Uribe toward Guayabero River.

He added that scarcely any media information is available about this. Although he plans to meet with FARC leaders in the near future, he said that no definite date has been set.

In response to Uraba leaders who requested that measures to reestablish security in the region be taken immediately, Ossa said he did not think sovereignty had been lost either here or in any other region of the country.

He said: "There are public order problems handed down to us by previous governments. The current administration aims to solve them."

He described as a personal opinion 'which he will not discuss' a recent remark by former Minister Hernando Duran Dussan, member of the DNL, saying that communism tries to establish a sort of independent republic in the national territory.

It has been reported that, in addition to reviewing the progress of the rehabilitation plan with Liberal Party leaders, the specific public order situation was likewise analyzed in response to reports by local leaders.

DNL President Ernesto Samper Pizano voiced his concern over the increased "ideological intimidation," in favor of subversion, in large areas of the country.

Samper said he personally confirmed this when he visited several towns, including Arauca and Tame, over the weekend.

Ossa, who went to Santander yesterday to talk with the organizers of a strike in the country's northeast, said that the government champions the cause of the discontented and that peasants mobilizations do not constitute a threat against the government or its institutions.

He asserted that -- as President Virgilio Barco said a few hours ago -- "stoppages are a protest agains the past. This government is committed to the future and to changes."

He flatly asserted that the national rehabilitation plan is not the property of any specific political party, but represents the government's commitment to the less fortunate. The plan operates as a deterrent for guerrillas, "who should not think that arms are the way to power" but that there are legal mechanisms for change.

He said that stoppages, marches, and strikes will gradually lose their raison d'etre as regional rehabilitation councils are consolidated and the people actively participate in them.

Finally, he said that Choco residents can rest assured that the government will make good its word "because it was said to them very clearly that problems unsettled for 100 years or more cannot be solved in 4 or 10 years.

BRIEFS

MARIJUANA CONFISCATED -- The biggest confiscation of marijuana in recent years took place in Pivijay municipality, Magdalena Department, when antinarcotics police found 150 tons of marijuana at the Las Palmitas farm. The drug was ready to be exported to the United States from two landing strips. The farm is owned by Rafael Avello Silva, who was recently arrested by police. The marijuana was burned by authorities this afternoon. [Summary] [Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 6 Jun 87 PA]

CRIME RATE INCREASES -- The police have concentrated their activities on the struggle against drug trafficking and guerrilla subversion, losing sight of the need to prevent other crimes in Colombia, according to an offical report. Thefts, holdups, swindling, and other crimes against property accounted for 50 to 60 percent of all crimes committed in the country in 1986, according to the police report. The monthly average was 8,538 cases. Last year, 43.7 homicides were committed daily, or 1,311 monthly, surpassing the 1985 rate. The priority attention given drug trafficking and subversion has allowed the number of crimes such as homicide to increase, and this could have a serious impact because these crimes leave more victims than a moment of belligerence, the police report indicates. The crime of kidnapping has also increased among rebels and common criminals alike. [Text] [Bogota Emisoras CARACOL Network in Spanish 1200 GMT 3 Jun 87 PA]

'UNOFFICIAL SOURCES' PREDICT CABINET RESHUFFLE

PY060312 Madrid EFE in Spanish 0103 GMT 6 Jun 87

[Text] Lima, 5 Jun (EFE) -- Unofficial sources today reported that Peruvian President Alan Garcia will reshuffle his Cabinet. He will change six ministers, among whom Prime Minister and Economy Minister Luis Alva Castro is included.

Garcia confirmed that he will reshuffle his Cabinet but he did not say when or to what extent, although it was said in political circles that he will do so before completing 2 years in government on 28 July.

Agriculture Minister Remigio Morales Bermudez said that the whole Cabinet will present its resignation to allow the president to reorganize and begin "the second stage of his administration."

The most mentioned candidates for prime minister are Senate President Armando Villaneuva, APRA [American Popular Revolutionary Alliance] Secretary General Luis Negreiros, and Peruvian Ambassador to the OAS Luis Gonzalez Posadas.

LA REPUBLICA newspaper has reported that, according to unofficial sources, "Alva's resignation is irrevocable, and he has already prepared his letter of resignation." The candidates for economy minister are: Gustavo Saberbein, deputy economy minister, Carlos Riva Davila, president of the Congressional Budget Committee and dean of the Economics College; and Manuel Romero Caro, industry and commerce minister.

The opposition coalition United Left, which is the second largest political force of Peru, is insistently demanding Cabinet changes, especially the replacement of Alva Castro in the Economy Ministry and of Abel Salinas in the Interior Ministry. However, it seems that Salinas will remain in his post. The press has pointed out that the ministers who will be replaced "for sure" are: Education Minister Grover Pango Vildoso, Energy and Mines Minister Wilfredo Huaita, Public Health Minister David Tejada de Rivero, and Presidency Minister Nicanor Mujica Alvarez Calderon. Foreign Minister Allan Wagner was pointed out as a "probable" change.

Negreiros and Posadas are mentioned as possible future foreign ministers in replacement of Allan Wagner who might be appointed Peruvian ambassador to the United States.

The War, Navy and Aeronautics ministers will remain in their post until the newly approved Defense Ministry is created, once the corresponding law is enacted.

Justice Minister Comments

PY061354 Lima Television Peruana in Spanish 0100 GMT 6 Jun 87

[Text] Justice Minister Carlos Blanca Bustamante today said that the Christian Democratic Party [PDC] will continue to support the APRA government. Minister Blanca then said that he will tender his resignation and wait for the president's decision on it.

[Begin recording] [Blanca Bustamante] Not as justice minister but as the PDC chairman and representative in the Cabinet, I can say that my party cooperates with APRA, and has never demanded favors from the government.

The PDC has always been ready to cooperate without asking for anything in return. Therefore, the PDC is ready to give President Garcia complete liberty to reorganize his Cabinet, in accordance with the current needs. In this way, President Garcia can begin the 3d year of his term under the conditions he believes appropriate, in order to achieve the main objective of his administration. The objective is to implement changes in Peru.

[Reporter] Why are you tendering your resignation [word indistinct]?

[Blanca Bustamante] It is a tradition. Naturally, ministers can tender their resignations whenever they want to, but it is a tradition in Peruvian political life to renew the ministerial Cabinet before 28 June, when the president reports to Congress on his administration, and then starts a new legislative period, therefore...

[Reporter, interrupting] [Words indistinct] a Cabinet crisis, Mr Minister?

[Blanca Bustamante] No, I do not think we can call it a crisis. This is simply a tradition which must be viewed as part of a democratic routine. Therefore, this attitude cannnot be considered the result of a crisis, much less a concession to opposition requests. My attitude is not the result of the poorly attended meeting sponsored by the opposition at San Martin Plaza. There is no reason for a Cabinet reshuffle just to comply with the requests of the opposition. [end recording]

Alva 'To Continue' in Post

PY051314 Lima Radioprogramas del Peru in Spanish 1225 GMT 4 Jun 87

[Text] Luis Alva Castro will reportedly continue as prime minister. President Alan Garcia has stated that because of his good performance, it is appropriate for Alva Castro to continue as economy minister.

REACTION TO WORLD BANK CREDIT SUSPENSION REPORTED

Bank Chief Views Issue

PY051429 Lima Radio del Pacifico in Spanish 1300 GMT 5 Jun 87

[Text] Last night, Peruvian Central Reserve Bank President Leonel Figueroa said that the suspension of World Bank credits for Peru, totaling $460 million, will not in any way affect the national economy. On the contrary, he stated, it can be said that we emerged as the winners because we will stop paying a lot more to the World Bank itself. The Central Reserve Bank president added that as a result of losing that net income, the government will make an attempt to reduce expenditures on imports in order to upgrade national products.

Senate President Comments

PY051420 Lima Radio del Pacifico in Spanish 1300 GMT 5 Jun 87

[Excerpt] Senate President Armando Villanueva del Campo yesterday said that Peru has never lost contact with the IMF and that he expects the IMF to change its attitude for the benefit of the world's poorest nations.

Villanueva del Campo also said that the suspension of credits by the World Bank does not affect Peru in any way and that it is not true that thousands of projects will be halted. The Senate president added that it is up to the chief executive to make Cabinet changes. Villanueva del Campo said that difficult times are in store for Peru owing to the current international situation. [passage omitted]

Further Report

PY060336 Madrid EFE in Spanish 0154 GMT 6 May 87

[Text] Lima, 5 Jun (EFE) -- Judging by today's reactions of Peruvian economic officials, Peru will not change its position regarding the IMF, and it has taken a decision by the World Bank and by the IDB to suspend the disbursements of funds already committed to Peru calmly.

Hernan Garrido Lecca, executive director of the Peruvian Foreign Debt Committee, has denied reports that the Peruvian Government is considering a visit to Peru by an IMF consultative mission. A news dispatch datelined Washington and disseminated by Lima newspapers states that Peru is considering the visit in order to resume its deals with the IMF. In remarks to the newspaper EXPRESO, Garrido said: "I flatly deny that report. We have not requested and we will not request any mission in order to resume our deals with the banks." Garrido has been the chief negotiator on the Peruvian foreign debt.

Since his inauguration in July 1985, Peruvian President Alan Garcia has said that he will no longer make his country submit to IMF "dictates and prescriptions." Thus, he decided that the $14 billion Peruvian debt will be repaid in amounts that should not exceed 10 percent of the Peruvian export revenues. It should be noted that the latest official contacts between the IMF and Peruvian officals dates back to September 1986. Last year, the IMF declared Peru "ineligible" for new loans.

There have been mixed reactions regarding the suspension of disbursements by the World Bank and by the IDB: It has been said that while no payments will be made to the World Bank, payments to the IDB will continue. Deputy Economy Minister Gustavo Saberbein said that Peru stopped paying the World Bank 2 months ago by a "sovereign decision" because the bank was charging more than what it had lent. The World Bank has recently announced in Washington that so far $460 million in payments were not made to Peru. This money was meant for 19 different development projects.

Saberbein today said that none of the projects will be paralyzed since they will be carried out with money earmarked for paying the World Bank. However, Peruvian Central Reserve Bank President Leonel Figueroa told the press that a $16 million payment to the IDB would be made today. Saberbein confirmed this and explained that payments are made just before the deadlines.

Regarding the IDB's suspension of funds to Peru, Figueroa said that it is only temporary and that the IDB's loans for $471 million would be paid to Peru immediately after Peru pays its installment. He added: "The suspension of funds by the banks must not be confused with the suspension of credits," adding that what has happened will not affect the Peruvian economy. Regarding the case of the World Bank, he said that the country has won because it will stop paying "much more" to it.

Senate President Armando Villanueva, also a main APRA leader, has said that the current situation shows that "difficult days lay ahead" for democracy. Villanueva said that the government must face the "fair economic demands" of the labor forces, "as well as its commitments with the international banks."

3 TOP POLICE CHIEFS RESIGN, OTHERS REMOVED

PY062300 Madrid EFE in Spanish 2131 GMT 6 Jun 87

[Excerpt] Lima, 6 Jun (EFE) -- As a result of the crisis created by the recent mutiny of the three Peruvian police forces, about 20 police chiefs were dismissed today.

On 5 June, the government announced "the resignation" of three of the four directors of the police forces. However, it was learned today that another 17 police officers were removed from high-ranking positions in the Civil Guard and the Republican Guard.

Reliable sources indicated that the resignations "were demanded" by the government as a result of the officers' "negligence, indecisiveness and even complicity" during the illegal strike low-ranking policemen held 3 weeks ago.

According to an official communique, the government of President Alan Garcia "accepted the resignations" of General Carlos Rodriguez Tirado, director of the three police forces; General Alberto Barreda Moscoso, commander of the Civil Guard; and General Faber Caballero Caceres, commander of the Republican Guard.

Today government sources also announced that the 17 regional inspectors of the Republican Guard and the Civil Guard have also been removed, but no official announcement has been made. The sources added that "although they were not directly responsible for the mutiny, they were overwhelmed by the indiscipline of their subordinates."

No top members of the Peruvian Investigative Police (PIP) were removed apparently because that institution did not give much support to the police strike. [passage omitted]

New Chiefs Appointed

PY070330 Madrid EFE in Spanish 0223 GMT 7 Jun 87

[Text] Lima, 6 Jun (EFE) -- The Peruvian Government today appointed seven new police chiefs to replace the ones removed on 5 June as a result of the crisis created by the mutiny of low-ranking policemen. The Interior Ministry reported that General Octavio Enrique Herrera was appointed new chief of the three Peruvian police forces replacing Gen Carlos Rodriguez Tirado.

The ministry also reported the appointment of the new directors, inspectors, and deputy inspector generals of the Civil and Republican Guards.

The new appointments represent the complete reorganizaton of the leadership of the Peruvian Police with the exception of the Peruvian Investigative Police (PIP). Unofficial sources indicated that 17 police officers were removed, but the goverment has only announced 7 changes.

The reorganization of the police leadership does not fully solve the conflictive crisis caused by the discontent among the low-ranking policemen who revolted 3 weeks ago. A new strike cannot be discarded.

The Peruvian Government said that the police officers who have been removed were negligent because during the mutiny they allowed "the breaking of discipline" and did not adopt any "actions to stop the revolt."

Interior Minister Abel Salinas said today that all the police chiefs had placed their positions at the disposal of the government on 20 May after the police strike and the general strike sponsored by the Communist General Confederation of Peruvian Workers (CGTP). Minister Salinas denied that reprisals are being taken against the striking policemen, but he said that the enforcement of the regulations "to reestablish discipline is inevitable."

At the same time, leaders of the police movement used harsh terms to state that the government "in an arrogant and hostile manner" broke the talks underway.

Salinas said the government ended the talks with the police leaders because it believes that it fulfilled the pact when it implemented salary increases and other conditions. Salinas added that as a result of the mutiny the policemen created "some kind of union" to "make political proposals" such as a demand that the low-ranking policemen participate in the appointment of their commanders. Salinas said that this proposal "would lead us to the implementation of a Soviet Union within the police forces and we are not going to allow that because the Constitution prohibits it."

The leaders of the striking policemen said that the salary increase implemented by the government which goes from $8 to $44 over the $140 monthly salary of a policemen is "not enough."

Salinas admitted that despite the salary increases restlessness prevails among a "small group" of policemen who are considering the possibility of holding another strike in mid June. If the strike is held, it will coincide with the 1st anniversary of the killing of 300 inmates accused of terrorist activities. The inmates were killed by Army and Navy troops during mutinies in three Lima penitentiaries.

Military intelligence said that on the date of that anniversary, the government expects Shining Path attacks to be intensified because this Maoist organization promosed to avenge the dead at a "10 to 1" proportion.

The police strike last month coincided with the 8th anniversary of the beginning of the Shining Path's armed struggle and officials expected an increase of attacks which did not occur. The government said that Shining Path had infiltrated the police forces and as a result of the strike it replaced the police guard at the presidential palace with a military guard.

RESTAURANT BOMBED; OFFICIAL REPORTEDLY PRESENT

PY080135 Madrid EFE in Spanish 2147 GMT 7 Jun 87

[Text] Lima, 7 Jun (EFE) -- It was reported today in this capital that alleged terrorists attacked an exclusive Lima restaurant with firearms and explosives wounding a guard and causing some damage. A high-level government official was apparently in the restaurant.

Six terrorists came to the Pabelleon de Caza Restaurant in the Monterrico residential district in a vehicle and tried to enter the restaurant. Guards prevented them from entering. A shoot-out then ensued. The attack occurred on the night of 6 June. According to press reports the alleged terrorists threw four explosive devices. Two of them exploded while the other two were later deactivated by police experts. One of the private guards was wounded in the leg and it is believed that at least two of the attackers were also wounded but escaped. The daily LA REPUBLICA reported that Peruvian Deputy Economy Minister Gustavo Saberbein was in the restaurant but the report has not been officially confirmed.

POLICE RECOVER CITY HELD BY SHINING PATH REBELS

PA080000 Paris AFP in Spanish 2336 GMT 7 Jun 87

[Text] Uchiza, Peru, 7 Jun (AFP) -- A police unit recovered this city in the Amazon jungle today without firing a single shot, the Republican Guard reported. The city had been held by Shining Path guerrillas for 5 days.

An undetermined number of rebels abandoned the city, a drug trafficking bastion, and escaped in a dozen vehicles when an Antonov aircraft landed with 100 troops, and 2 helicopter gunships overflew this region, 950 km northwest of Lima.

TERRORISTS KILL TWO REPUBLICAN GUARD MEMBERS

PY061432 Lima Panamericana Television Network in Spanish 0330 GMT 6 Jun 87

[Excerpt] Two Republican Guard members were killed this afternoon during a terrorist attack as they were guarding high-tension electric towers in the Vallectio Alto de San Gabriel slum in the Villa Maria del Triunfo District. Republican Guard Filiberto Arceli Arenas, 20, died at the site, after being shot in the forehead and the temple. Republican Guard Jose Manuel Villaslaba Cunior, 26, died a few minutes after being taken to the Maria Auxiliadora General Hospital. He had been shot once in the jaw and twice in the chest. The two Republican Guards belonged to the CUCE [expansion unkown] of the San Juan de Miraflores area.

The terrorist attack took place at about 1610, and members of the Civil and Republican Guards were immediately called to the scene. The judge of the 20th Court also visited the site. [passage omitted]

BRIEFS

EGYPTIAN, POLISH AMBASSADORS ACCREDITED - Lima, 27 May (AFP) -- Peruvian President Alan Garcia today received the credentials of the new Egyptian Ambassador Muhammad M. Basyuni and the credentials of the new Polish Ambassador Bernard Bogdanski. [Summary] [Paris AFP in Spanish 1253 GMT 28 May 87 PY]

SPANISH BANK GRANTS LOAN -- It was officially reported today that the Exterior Bank of Los Andes and Spain has granted the Peruvian Banco de la Nacion a $15.3-million loan to be used by several organizations engaged in development projects particularly for agriculture. The Banco de la Nacion chairman, who yesterday returned from Madrid, Spain, said that with this $15.3-million loan, the amount of money Spain has lent Peru this year totals $53.6 million. [Summary] [Lima Radio del Pacifico in Spanish 1300 GMT 1 Jun 87 PY]